COMPARISON MATRIX OF INCOME TAX LAWS BASED ON THE HARMONIZATION LAW OF TAXATION REGULATIONS

No.	CONSOLIDATED PPH Law AFTER WORK COPYRATION ACT	HARMONIZATION OF TAX REGULATIONS (HPP)
1	Article 4	
	(1) The object of tax is income, namely any additional economic capacity received or obtained by the Taxpayer, both from Indonesia and from outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, in whatever name and form. , including: a. compensation or remuneration in respect of work or services received or obtained including salaries, wages, allowances, honoraria, commissions, bonuses, gratuities, pensions, or other forms of remuneration, unless otherwise provided for in this Law; b. prizes from sweepstakes or work or activities, and awards; c. operating profit; d. gains due to sale or transfer of property including: 1. gains due to the transfer of assets to a company, partnership, and other entity as a substitute for shares or equity participation; 2. profits due to the transfer of assets to shareholders, partners, or members obtained by companies, partnerships and other entities; 3. gains due to liquidation, merger, consolidation, expansion, split, takeover, or reorganization in any name and in any form; 4. gains due to the transfer of assets in the form of grants, assistance, or donations, except for those given to blood relatives in a straight line of one degree and religious bodies, educational bodies, social institutions including foundations, cooperatives, or private individuals who run micro and small businesses, the provisions of which further regulated by a Regulation of the Minister of Finance, as long as there is no relationship with the business, occupation, ownership, or control between the parties concerned; and 5. profit due to sale or transfer of part or all of mining rights, sign of participation in financing, or capital in mining companies; e. Receipt of tax payments that have been charged as fees and additional payment of tax refunds; f. interest including premiums, discounts, and rewards for guaranteeing debt repayments;	**(1)** The object of tax is income, namely any additional economic capacity received or obtained by the Taxpayer, both from Indonesia and from outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, in whatever name and form. , including: a. compensation or remuneration in connection with work or services received or obtained including salaries, wages, allowances, honoraria, commissions, bonuses, gratuities, pensions, or other forms of remuneration including in-kind and/or enjoyment , unless otherwise provided for in this Law. ; b. prizes from sweepstakes or work or activities, and awards; c. operating profit; d. gains due to sale or transfer of property including: 1. gains due to the transfer of assets to a company, partnership, and other entity as a substitute for shares or equity participation; 2. profits due to the transfer of assets to shareholders, partners, or members obtained by companies, partnerships and other entities; 3. gains due to liquidation, merger, consolidation, expansion, split, takeover, or reorganization in any name and in any form; 4. gains due to the transfer of assets in the form of grants, assistance, or donations, except for those given to blood relatives in a straight line of one degree and religious bodies, educational bodies, social institutions including foundations, cooperatives, or private individuals who run micro and small businesses, as long as they are not there is a relationship with the business, employment, ownership, or control between the parties concerned; and 5. profit due to sale or transfer of part or all of mining rights, sign of participation in financing, or capital in mining companies; e. Receipt of tax payments that have been charged as fees and additional payment of tax refunds; f. interest including premiums, discounts, and rewards for guaranteeing debt repayments; g. dividends in any name and form, including dividends from insurance companies to policyholders;

g. dividends in any name and form, including dividends from insurance companies to policyholders;

h. royalties or fees for the use of rights;

i. rent and other income in relation to the use of property;

j. receipt or acquisition of periodic payments;

k. gains due to debt relief, except up to a certain amount stipulated by a Government Regulation;

l. foreign exchange gains;

m. excess difference due to asset revaluation;

n. insurance premium;

o. contributions received or obtained by the association from its members consisting of taxpayers who run a business or work independently;

p. additional net assets originating from income that has not been taxed;

q. income from sharia-based businesses;

r. interest compensation as referred to in the Law governing general provisions and taxation procedures; and

s. surplus Bank Indonesia.

h. royalties or fees for the use of rights;

i. rent and other income in relation to the use of property;

j. receipt or acquisition of periodic payments;

k. gains due to debt relief, except up to a certain amount stipulated by a Government Regulation; l. foreign exchange gains;

m. excess difference due to asset revaluation;

n. insurance premium;

o. contributions received or obtained by the association from its members consisting of taxpayers who run a business or work independently;

p. additional net assets originating from income that has not been taxed;

q. income from sharia-based businesses;

r. interest compensation as referred to in the Law governing general provisions and taxation procedures; and

s. surplus Bank Indonesia.

(1a) Excepted from the provisions as referred to in paragraph (1), foreign citizens who have become domestic tax subjects are subject to Income Tax only on income received or earned from Indonesia with the following provisions: a. have certain skills; and b. valid for 4 (four) tax years calculated frombecoming a domestic tax subject.	**(1a)** Excepted from the provisions as referred to in paragraph (1), foreign citizens who have become domestic tax subjects are subject to Income Tax only on income received or earned from Indonesia with the following provisions: a. have certain expertise in accordance with the provisions of the legislation ; and b. valid for 4 (four) tax years calculated frombecoming a domestic tax subject.
(1b) Included in the definition of income received or obtained from Indonesia as referred to in paragraph (1a) in the form of income received or earned by foreign nationals in connection with work, services, or activities in Indonesia under the name and in any form paid outside Indonesia.	**(1b)** Included in the definition of income received or obtained from Indonesia as referred to in paragraph (1a) in the form of income received or earned by foreign nationals in connection with work, services, or activities in Indonesia under the name and in any form paid outside Indonesia.
(1c) The provisions as referred to in paragraph (1a) do not apply to foreign citizens who take advantage of the Double Taxation Avoidance Agreement between the Indonesian government and the government of a partner country or the partner jurisdiction of the Double Taxation Avoidance Agreement where foreign citizens earn income from outside Indonesia.	**(1c)** The provisions as referred to in paragraph (1a) do not apply to foreign citizens who take advantage of the Double Taxation Avoidance Agreement between the Indonesian government and the government of a partner country or the partner jurisdiction of the Double Taxation Avoidance Agreement where foreign citizens earn income from outside Indonesia.
(1d) Further provisions regarding certain skill criteria and procedures for imposition of Income Tax for foreign nationals as referred to in paragraph (1a) shall be regulated in a Regulation of the Minister of Finance.	**(1d)** Deleted.

income in the form of interest on deposits and other savings, interest on bonds and

(2) The following income may be subject to final tax: a. income in the form of interest on deposits and other savings, interest on bonds and

(2) The following income may be subject to final tax: a.

government bonds, and interest on deposits paid by cooperatives to individual cooperative members;

b. income in the form of lottery prizes;

c. income from share and other securities transactions, derivative transactions traded on the exchange, and share sales transactions or transfer of capital participation in partner companies received by venture capital companies;

d. income from property transfer transactions in the form of land and/or buildings, construction service businesses, real estate businesses, and land and/or building rentals; and

e. certain other income,

regulated in or based on a Government Regulation.

(3) What is excluded from the tax object are: a. 1. assistance or donations, including zakat received by amil zakat agencies or amil zakat institutions established or legalized by the government and received by eligible zakat recipients or religious donations that are obligatory for adherents of a recognized religion in Indonesia, received by religious institutions authorized established or ratified by the government and accepted by the rightful recipients of donations, the provisions of which are regulated by or based on a Government Regulation; and

2. donated assets received by blood relatives in a straight line of one degree, religious bodies, educational bodies, social institutions including foundations, cooperatives, or individuals who run micro and small businesses, the provisions of which are regulated by or based on a Regulation of the Minister of Finance

as long as there is no relationship with the business, employment, ownership, or control between the parties concerned;

b. inheritance;

c. property includes cash deposits received by the body as referred to in Article 2 paragraph (1) letter b as a substitute for shares or as a substitute for capital participation;

d. compensation or compensation in connection with work or services received or obtained in kind and/or enjoyment from the Taxpayer or the Government, except for those provided by non Taxpayers, Taxpayers who are subject to final tax or Taxpayers who use special calculation norms (deemed). profit) as referred to in Article 15;

e. payments from insurance companies due to accident, illness, or death of the insured person, and scholarship insurance payments; f. dividends or other income with the following government bonds, interest or discount on short-term securities traded on the money market , and interest on deposits paid by cooperatives to individual cooperative members;

b. income in the form of lottery prizes;

c. income from share and other securities transactions, derivative transactions traded on the exchange, and share sales transactions or transfer of capital participation in partner companies received by venture capital companies;

d. income from property transfer transactions in the form of land and/or buildings, construction service businesses, real estate businesses, and land and/or building rentals; and

e. other certain income, including income from business received or earned by the Taxpayer having a certain gross turnover,

regulated in or based on a Government Regulation.

(3) What is excluded from the tax object are: a. 1. assistance or donations, including zakat , infaq, and alms received by amil zakat agencies or amil zakat institutions established or legalized by the government and received by eligible zakat recipients or religious donations that are mandatory for adherents of a recognized religion in Indonesia, which received by a religious institution established or ratified by the government and accepted by the rightful recipient of donations, the provisions of which are regulated by or based on a Government Regulation; and

2. grant property received by blood families in the direct lineage of one degree, religious bodies, educational bodies, social bodies including foundations, cooperatives, or private individuals who run micro and small businesses, as long as there is no relationship with the business, employment, ownership, or control between the parties concerned;

b. inheritance;

c. property includes cash deposits received by the body as referred to in Article 2 paragraph (1) letter b as a substitute for shares or as a substitute for capital participation;

d. replacement or remuneration in connection with work or services received or obtained in kind and/or enjoyment , including:

1. food, foodstuffs, beverages, and/or beverages for all officers;
2. natura and/or enjoyment provided in certain areas;
3. in kind and/or enjoyment that must be provided by the employer in carrying out the work;
4. in kind and/or enjoyment sourced or financed by the State Revenue and Expenditure Budget, the Regional Revenue and Expenditure Budget, and/or the Village Revenue and Expenditure Budget; or
5. in kind and/or enjoyment with certain types and/or limitations;

e. payments from insurance companies due to accident, illness, or death of the insured person, and scholarship insurance payments;

f. dividends or other income with the following conditions:

1. dividends originating from within the country received or obtained by the Taxpayer:
   a) a domestic individual as long as the dividend is invested in the territory of the Unitary State of the Republic of Indonesia within a certain period of time; and/or
   b) domestic bodies;
2. dividends originating from abroad and income after tax from a permanent establishment abroad received or obtained by a domestic corporate Taxpayer or a domestic individual Taxpayer, as long as it is invested or used to support other business activities in the territory of the Unitary State of the Republic of Indonesia. within a certain period of time, and meet the following requirements:
   a) the dividends and after-tax income invested are at least 30% (thirty percent) of the profit after tax; or
   b) dividends originating from overseas business entities whose shares are not traded on the stock exchange are invested in Indonesia before the Director General of Taxes issues a tax assessment letter on said dividends in connection with the application of Article 18 paragraph (2) of this Law;
3. dividends originating from abroad as referred to in number 2 are:
   a) dividends distributed are from overseas business entities whose shares are traded on the stock exchange; or
   b) dividends distributed are from overseas business entities whose shares are not traded on the stock exchange in accordance with the proportion of share ownership;
4. in the event that dividends as referred to in number 3 letter b) and income after tax from a permanent establishment abroad as referred to in number 2 are invested in the territory of the Unitary State of the Republic of Indonesia less than 30% (thirty percent) of the total profit after tax as referred to in paragraph (1). referred to in number 2 letter a) the following provisions apply:
   a) on the dividends and income after tax invested, are excluded from the imposition of Income Tax;
   b) on the difference of 30% (thirty percent) of profit after tax less dividends and/or income after tax invested as referred to in letter a) is subject to Income Tax; and
   c) on the remaining profit after tax deducted by dividends and/or income after tax invested as referred to in

a) the dividends and after-tax income invested are at least 30% (thirty percent) of the profit after tax; or

b) dividends originating from overseas business entities whose shares are not traded on the stock exchange are invested in Indonesia before the Director General of Taxes issues a tax assessment letter on said dividends in connection with the application of Article 18 paragraph (2) of this Law;

3. dividends originating from abroad as referred to in number 2 are:

a) dividends distributed are from overseas business entities whose shares are traded on the stock exchange; or

b) dividends distributed are from overseas business entities whose shares are not traded on the stock exchange in accordance with the proportion of share ownership;

4. in the event that dividends as referred to in number 3 letter b) and income after tax from a permanent establishment abroad as referred to in number 2 are invested in the territory of the Unitary State of the Republic of Indonesia less than 30% (thirty percent) of the total profit after tax as referred to in paragraph (1). referred to in number 2 letter a) the following provisions apply:

letter a) as well as on the difference as referred to in letter b), is not subject to Income Tax;

5. in the case of dividends as referred to in number 3 letter b and income after tax from a permanent establishment abroad as referred to in number 2, are invested in the territory of the Unitary State of the Republic of Indonesia in the amount of more than 30% (thirty percent) of the total profit after tax as referred to in number 2 letter a) the following provisions apply:

a) the dividends and after-tax income invested are excluded from the imposition of Income Tax; and

b) on the remaining after-tax profit less dividends and/or after-tax income invested as referred to in letter a), is not subject to Income Tax;

6. In the event that dividends originating from overseas business entities whose shares are not traded on a stock exchange are invested in Indonesia after the Director General of Taxes issues a tax assessment letter on the dividends in connection with the application of Article 18 paragraph (2) of this Law, the said dividends are not exempt. from the imposition of Income Tax as referred to in number 2;

7. the imposition of Income Tax on income from abroad not through a permanent establishment received or obtained by a domestic corporate Taxpayer or a domestic individual Taxpayer is exempted from the imposition of Income Tax in the event that the income is invested in the territory of the Unitary State of the Republic of Indonesia within a certain period of time and meet the following requirements:

a) income comes from active business abroad; and

b) not income from companies owned overseas;

8. tax on income that has been paid or payable abroad on income as referred to in number 2 and number 7, the following provisions apply:

a) cannot be calculated with Income Tax payable;

b) cannot be charged as an expense or as a deduction from income; and/or

c) non-refundable tax overpayment cannot be requested;

9. in the event that the Taxpayer does not invest the income within a certain period of time as referred to in number 2 and number 7, the following provisions shall apply:

a) income from abroad is income in the tax year earned; and

b) Tax on income that has been paid or

a) on the dividends and income after tax invested, are excluded from the imposition of Income Tax;

b) on the difference of 30% (thirty percent) of profit after tax less dividends and/or income after tax invested as referred to in letter a) is subject to Income Tax; and

c) on the remaining profit after tax deducted by dividends and/or income after tax invested as referred to in letter a) as well as on the difference as referred to in letter b), is not subject to Income Tax;

5. in the case of dividends as referred to in number 3 letter b and income after tax from a permanent establishment abroad as referred to in number 2, are invested in the territory of the Unitary State of the Republic of Indonesia in the amount of more than 30% (thirty percent) of the total profit after tax as referred to in number 2 letter a) the following provisions apply:

a) the dividends and after-tax income invested are excluded from the imposition of Income Tax; and

b) on the remaining after-tax profit less dividends and/or after-tax income invested as referred to in letter a), is not subject to Income Tax;

6. In the event that dividends originating from overseas business entities whose shares are not traded on a stock exchange are invested in Indonesia after the Director General of Taxes issues a tax assessment letter on the dividends in connection with the application of Article 18 paragraph (2) of this Law, the said dividends are not exempt. from the imposition of Income Tax as referred to in number 2;

7. the imposition of Income Tax on income from abroad not through a permanent establishment received or obtained by a domestic corporate Taxpayer or a domestic individual Taxpayer is exempted from the imposition of Income Tax in the event that the income is invested in the territory of the Unitary State of the Republic of Indonesia within a certain period of time and meet the following requirements:

a) income comes from active business abroad; and

b) not income from companies owned overseas;

8. tax on income that has been paid or payable abroad on income as referred to in number 2 and number 7, the following provisions apply:

a) cannot be calculated with Income Tax payable;

b) cannot be charged as an expense or

payable abroad on such income is a tax credit as referred to in Article 24 of this Law;

10. further provisions on:

a) certain criteria, procedures and time period for investment as referred to in number 1, number 2, and number 7;

b) procedures for exemption from the imposition of income tax as referred to in number 1, number 2, and number 7; and

c) changes to the limits on the dividends invested as referred to in number 4 and number 5,

regulated in the Regulation of the Minister of Finance;

g. contributions received or obtained by a pension fund whose establishment has been approved by the Minister of Finance, whether paid by the employer or employee;

h. income from the capital invested by the pension fund as referred to in letter g, in certain fields stipulated by the Decree of the Minister of Finance;

i. a share of profits or the remainder of operating results received or obtained by members of cooperatives, limited partnerships whose capital is not divided into shares, partnerships, associations, firms, and joint ventures, including holders of participation units in collective investment contracts;

j. deleted;

k. income received or earned by a venture capital company in the form of a share of profits from a business partner entity established and running a business or activity in Indonesia, provided that the business partner entity:

1. is a micro, small, medium, or company that carries out activities in business sectors regulated by or based on a Regulation of the Minister of Finance; and

2. its shares are not traded on a stock exchange in Indonesia;

l. scholarships that meet certain requirements whose provisions will be further regulated by or based on a Regulation of the Minister of Finance;

m. the excess received or obtained by a non-profit agency or institution engaged in education and/or research and development, which has been registered with the agency in charge of it, which is reinvested in the form of facilities and infrastructure for educational and/or research and development activities, within a short period of time. a maximum of 4 (four) years after the excess is obtained, the provisions of which will be further regulated by or based on a Regulation of the Minister of Finance;

n. assistance or compensation paid by the Social Security Administrative Body to certain

as a deduction from income; and/or

c) non-refundable tax overpayment cannot be requested;

9. in the event that the Taxpayer does not invest the income within a certain period of time as referred to in number 2 and number 7, the following provisions shall apply:

a) income from abroad is income in the tax year earned; and

b) Tax on income that has been paid or payable abroad on such income is a tax credit as referred to in Article 24 of this Law;

10. deleted;

g. contributions received or obtained by a pension fund whose establishment has been approved by the Financial Services Authority , whether paid by the employer or employee; h. income from the capital invested by the pension fund as referred to in letter g, in certain fields; i. a share of profits or the remainder of operating results received or obtained by members of cooperatives, limited liability companies whose capital is not divided into shares, partnerships, associations, firms, and joint ventures, including holders of participation units in collective investment contracts;

j. deleted;

k. income received or earned by a venture capital company in the form of a share of profits from a business partner entity established and running a business or activity in Indonesia, provided that the business partner entity:

1. is a micro, small and medium enterprise , or which carries out activities in business sectors regulated by or based on a Regulation of the Minister of Finance; and

2. its shares are not traded on a stock exchange in Indonesia;

l. scholarships that meet certain requirements;

m. the excess received or obtained by a non-profit agency or institution engaged in education and/or research and development, which has been registered with the agency in charge of it, which is reinvested in the form of facilities and infrastructure for educational and/or research and development activities, within a short period of time. a maximum of 4 (four) years since the excess is obtained;

n. assistance or compensation paid by the Social

Security Administrative Body to certain Taxpayers ;

o. funds for the deposit of Hajj Organizing Fees (BPIH) and/or special BPIH, and income from the development of Hajj finance in certain financial fields or instruments, received by the Hajj Financial Management Agency (BPKH) ; and

p. surplus received/obtained by a social and /or

Taxpayers, the provisions of which are further regulated by or based on a Regulation of the Minister of Finance;

o. funds for the deposit of Hajj Organizing Fees (BPIH) and/or special BPIH, and income from the development of Hajj finance in certain financial fields or instruments, received by the Hajj Financial Management Agency (BPKH) whose provisions are regulated by or based on a Regulation of the Minister of Finance; and

p. surplus received/obtained by a social and religious agency or institution registered with the agency in charge of it, which is reinvested in the form of social and religious facilities and infrastructure within a maximum period of 4 (four) years from the receipt of the excess, or placed as fund perpetual, whose provisions are further regulated by or based on a Regulation of the Minister of Finance.

religious agency or institution registered with the agency in charge of it, which is reinvested in the form of social and religious facilities and infrastructure within a maximum period of 4 (four) years from the time the excess is obtained, or placed as an endowment.

Article 6

2

(1) The amount of Taxable Income for resident Taxpayers and permanent establishments, is determined based on gross income less costs to earn, collect, and maintain income, including: a. costs that are directly or indirectly related to business activities, including:

1. the cost of purchasing materials;
2. costs related to work or services including wages, salaries, honoraria, bonuses, gratuities, and allowances given in the form of money;
3. interest, rent, and royalties;
4. travel expense;
5. waste treatment costs;
6. insurance premium;
7. promotion and sales costs regulated by or based on a Regulation of the Minister of Finance;
8. administrative costs; and
9. taxes except Income Tax;

b. depreciation of expenses to acquire tangible assets and amortization of expenses to obtain rights and other costs that have a useful life of more than 1 (one) year as referred to in Article 11 and Article 11A;

c. contributions to pension funds whose establishment has been approved by the Minister of Finance;

d. losses due to the sale or transfer of property owned and used in the company or held to earn, collect, and maintain income;

e. loss on foreign currency exchange rate difference;

f. costs of research and development companies conducted in Indonesia;

g. scholarships, internships, and training costs;

h. receivables that are clearly uncollectible on the condition that:

(1) The amount of Taxable Income for resident Taxpayers and permanent establishments, is determined based on gross income less costs to earn, collect, and maintain income, including: a. costs that are directly or indirectly related to business activities, including:

1. the cost of purchasing materials;
2. costs related to work or services including wages, salaries, honoraria, bonuses, gratuities, and allowances given in the form of money;
3. interest, rent, and royalties;
4. travel expense;
5. waste treatment costs;
6. insurance premium;
7. promotion and sales costs;
8. administrative costs; and
9. taxes except Income Tax;

b. depreciation of expenses to acquire tangible assets and amortization of expenses to obtain rights and other costs that have a useful life of more than 1 (one) year as referred to in Article 11 and Article 11A;

c. contributions to pension funds whose establishment has been approved by the Financial Services Authority;

d. losses due to the sale or transfer of property owned and used in the company or held to earn, collect, and maintain income;

e. loss on foreign currency exchange rate difference;

f. costs of research and development companies conducted in Indonesia;

g. scholarships, internships, and training costs;

h. receivables that are clearly uncollectible on the condition that:

1. has been charged as an expense in the commercial income statement; 2. Taxpayers must submit a list of uncollectible receivables to the Directorate General of Taxes; and 3. the collection case has been submitted to the District Court or government agency that handles state receivables; or there is a written agreement regarding the write-off of receivables/debt relief between the creditor and the debtor concerned; or has been published in a general or special publication; or there is an acknowledgment from the debtor that the debt has been written off for a certain amount of debt; 4. the requirements as referred to in number 3 do not apply to the write-off of bad debts from small debtors as referred to in Article 4 paragraph (1) letter k; whose implementation is further regulated by or based on a Regulation of the Minister of Finance; i. donations in the context of national disaster management whose provisions are regulated by Government Regulations; j. donations in the context of research and development carried out in Indonesia, the provisions of which are regulated by Government Regulations; k. the cost of social infrastructure development whose provisions are regulated by a Government Regulation; l. donation of educational facilities whose provisions are regulated by a Government Regulation; and m. donations in the framework of sports development whose provisions are regulated by Government Regulations.	1. has been charged as an expense in the commercial income statement; 2. Taxpayers must submit a list of uncollectible receivables to the Directorate General of Taxes; and 3. the collection case has been submitted to the District Court or government agency that handles state receivables; or there is a written agreement regarding the write-off of receivables/debt relief between the creditor and the debtor concerned; or has been published in a general or special publication; or there is an acknowledgment from the debtor that the debt has been written off for a certain amount of debt; 4. the requirements as referred to in number 3 do not apply to the write-off of bad debts from small debtors as referred to in Article 4 paragraph (1) letter k; i. donations in the context of national disaster management whose provisions are regulated by Government Regulations; j. donations in the context of research and development carried out in Indonesia, the provisions of which are regulated by Government Regulations; k. the cost of social infrastructure development whose provisions are regulated by a Government Regulation; l. donation of educational facilities whose provisions are regulated by a Government Regulation; m. donations in the framework of sports development whose provisions are regulated by a Government Regulation ; and n. replacement costs or rewards given in kind and/or enjoyment.
(2) If the gross income after the deduction as referred to in paragraph (1) is lost, the loss is compensated with income starting from the next tax year in a row up to 5 (five) years.	**(2)** If the gross income after the deduction as referred to in paragraph (1) is lost, the loss is compensated with income starting from the next tax year in a row up to 5 (five) years.
(3) Individuals as domestic Taxpayers are given a reduction in the form of Non-Taxable Income as referred to in Article 7.	**(3)** Individuals as domestic Taxpayers are given a reduction in the form of Non-Taxable Income as referred to in Article 7.
Article 7	
3	
(1) Non-Taxable Income per year is given at least in the amount of: a. Rp15,840,000.00 (fifteen million eight hundred and forty thousand rupiahs) for individual Taxpayers;	b. IDR 1,320,000.00 (one million three hundred and twenty thousand rupiahs) additional for married Taxpayers; c. Rp15,840,000.00 (fifteen million eight hundred and forty thousand rupiahs)

additional for a wife whose income is **(1)** Non-Taxable Income per year is given at least: a. Rp 54,000,000.00 (fifty four million rupiah) for an individual Taxpayer; b. IDR 4,500,000.00 (four million five hundred thousand rupiahs) additional for married	Taxpayers; c. Rp 54,000,000.00 (fifty four million rupiah) additional for a wife whose income is combined with the husband's income as referred to in Article 8 paragraph (1); and
combined with the husband's income as referred to in Article 8 paragraph (1); and d. IDR 1,320,000.00 (one million three hundred and twenty thousand rupiah) additional for each member of the blood family and consanguineous family in the direct bloodline as well as adopted children, who are fully	dependent, a maximum of 3 (three) people for each family. d. IDR 4,500,000.00 (four million five hundred thousand rupiahs) additional for each member of the blood family and consanguineous family in the direct bloodline as well as adopted children, who are fully dependent, a maximum of 3 (three) people for each family.
(2) The application of the provisions as referred to in paragraph (1) is determined by the circumstances at the beginning of the tax year or the beginning of the part of the tax year.	**(2)** The application of the provisions as referred to in paragraph (1) is determined by the circumstances at the beginning of the tax year or the beginning of the part of the tax year.
	(2a) Individual Taxpayers who have a certain gross turnover as referred to in Article 4 paragraph (2) letter e are not subject to Income Tax on the share of gross turnover up to Rp. 500,000,000.00 (five hundred million rupiahs) in 1 (one) tax year.
(3) The adjustment of the amount of Non-Taxable Income as referred to in paragraph (1) shall be stipulated by a Regulation of the Minister of Finance after consultation with the House of Representatives.	**(3)** Size adjustment: a. Non-Taxable Income as referred to in paragraph (1); and b. the gross turnover limit is not subject to Income Tax as referred to in paragraph (2a), determined by Regulation of the Minister of Finance after consultation with the House of Representatives of the Republic of Indonesia.
Article 9	

4

(1) To determine the amount of Taxable Income for Taxpayers in the state and non-deductible forms of permanent business: a. distribution of profits by name and in any form such as dividends, including dividends paid by insurance companies to policyholders, and distribution of the remaining operating results of cooperatives; b. fees charged or incurred for the personal benefit of shareholders, partners, or members; c. formation or cultivation of reserve funds, except: 1. reserves for bad debts for banks and other business entities that provide credit, leases with option rights, consumer finance companies, and factoring companies; 2. reserves for insurance businesses, including reserves for social assistance	established by the Social Security Administering Body; 3. guarantee proposal for the Deposit Guarantee Board; 4. reserve for reclamation costs for mining businesses; 5. reserve for replanting costs for forestry businesses; and 6. reserve for closing and maintaining industrial waste disposal sites for industrial waste treatment businesses,
	(1) To determine the amount of Taxable Income for Taxpayers in the state and non-deductible forms of permanent business: a. distribution of profits by name and in any form such as dividends, including dividends paid by insurance companies to policyholders, and distribution of the remaining operating results of cooperatives; b. fees charged or incurred for the personal benefit of shareholders, partners, or members;

c. formation or cultivation of reserve funds, except:

1. reserves for bad debts for banks and other business entities that provide credit, leases with option rights, consumer finance companies, and factoring companies calculated based on applicable financial accounting standards with certain limits after coordinating with the Financial Services Authority;
2. reserves for insurance businesses, including reserves for social assistance established by the Social Security Administering Body;
3. guarantee proposal for the Deposit Guarantee Board;
4. reserve for reclamation costs for mining businesses;
5. reserve for replanting costs for forestry businesses; and
6. reserve for closing and maintaining industrial waste disposal sites for industrial waste treatment businesses,

that meet certain requirements;

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whose terms and conditions are regulated by or based on a Regulation of the Minister of Finance;

d. premiums for health insurance, accident insurance, life insurance, endowment insurance, and scholarship insurance, which are paid by an individual taxpayer, unless paid by the employer and the premium is calculated as income for the taxpayer concerned;

e. replacement or remuneration in connection with work or services provided in kind and enjoyment, except for the provision of food and drinks for all employees as well as reimbursement or compensation in kind and enjoyment in certain areas and relating to the implementation of work regulated by or based on a Regulation of the Minister of Finance ;

f. amounts in excess of reasonableness paid to shareholders or to parties with a special relationship in return for work performed;

g. assets that are donated, assistance or donations, and inheritance as referred to in Article 4 paragraph (3) letter a and letter b, except for donations as referred to in Article 6 paragraph (1) letter i to letter m and zakat received by the zakat agency. or an amil zakat institution established or legalized by the government or religious donations which are mandatory for adherents of a recognized religion in Indonesia, which are accepted by a religious institution established or legalized by the government, the provisions of which are regulated by or based on a Government Regulation;

h. Income tax;

i. expenses charged or issued for the personal benefit of the Taxpayer or his dependents; j. salaries paid to members of a partnership, firm, or limited liability company whose capital is not divided into shares;

k. administrative sanctions in the form of interest, fines, and increases as well as criminal sanctions in the form of fines relating to the implementation of legislation in the field of taxation.

d. premiums for health insurance, accident insurance, life insurance, endowment insurance, and scholarship insurance , which are paid by an individual taxpayer, unless paid by the employer and the premium is calculated as income for the taxpayer concerned;

e. deleted;

f. amounts in excess of reasonableness paid to shareholders or to parties with a special relationship in return for work performed; g. assets that are donated, assistance or donations, and inheritance as referred to in Article 4 paragraph (3) letter a and letter b, except for donations as referred to in Article 6 paragraph (1) letter i to letter m and zakat received by the zakat agency. or an amil zakat institution established or legalized by the government or religious donations which are mandatory for adherents of a recognized religion in Indonesia, which are accepted by a religious institution established or legalized by the government, the provisions of which are regulated by or based on a Government Regulation;

h. Income tax;

i. expenses charged or issued for the personal benefit of the Taxpayer or his dependents; j. salaries paid to members of a partnership, firm, or limited liability company whose capital is not divided into shares;

k. administrative sanctions in the form of interest, fines, and increases as well as criminal sanctions in the form of fines relating to the implementation of statutory provisions in the field of taxation.

(2) Expenditures to earn, collect, and maintain income that have a useful life of more than 1 (one) year are not allowed to be charged at once, but are charged through depreciation or amortization as referred to in Article 11 or Article 11A.	**(2)** Expenditures to earn, collect, and maintain income that have a useful life of more than 1 (one) year are not allowed to be charged at once, but are charged through depreciation or amortization as referred to in Article 11 or Article 11A.
Article 11	

(1) Depreciation on expenditures for the purchase, establishment, addition, repair, or change of tangible assets, except for land with the status of property rights, building use rights, cultivation rights, and use rights, which are owned and used to obtain, collect, and maintain income that has the useful life of more than 1 (one) year is carried out in equal parts over the predetermined useful life for the property.	**(1)** Depreciation on expenditures for the purchase, establishment, addition, repair, or change of tangible assets, except for land with the status of property rights, building use rights, cultivation rights, and use rights, which are owned and used to obtain, collect, and maintain income that has the useful life of more than 1 (one) year is carried out in equal parts over the predetermined useful life for the property.
(2) Depreciation on the expenditure of tangible assets as referred to in paragraph (1) other than buildings, can also be carried out in decreasing portions over the useful life, which is calculated by applying a depreciation rate on the remaining book value, and at the end of the useful life the book value is depreciated all at once. , provided that it is carried out in accordance with the principles.	**(2)** Depreciation on the expenditure of tangible assets as referred to in paragraph (1) other than buildings, can also be carried out in decreasing portions over the useful life, which is calculated by applying a depreciation rate on the remaining book value, and at the end of the useful life the book value is depreciated all at once. , provided that it is carried out in accordance with the principles.
(3) Depreciation starts in the month the expenditure is made, except for assets that are still in the process of being worked on, the depreciation starts in the month the property is completed.	**(3)** Depreciation starts in the month the expenditure is made, except for assets that are still in the process of being worked on, the depreciation starts in the month the property is completed.
(4) With the approval of the Director General of Taxes, the Taxpayer is allowed to make depreciation starting in the month the assets are used to obtain, collect, and maintain income or in the month the assets concerned begin to produce.	**(4)** With the approval of the Director General of Taxes, the Taxpayer is allowed to make depreciation starting in the month the assets are used to obtain, collect, and maintain income or in the month the assets concerned begin to produce.
(5) If a Taxpayer performs a revaluation of assets based on the provisions as referred to in Article 19, the basis for depreciation of the assets is the value after the revaluation of the assets has been carried out.	**(5)** If a Taxpayer performs a revaluation of assets based on the provisions as referred to in Article 19, the basis for depreciation of the assets is the value after the revaluation of the assets has been carried out.
(6) To calculate depreciation, the useful life and depreciation rate of tangible assets are determined as follows: **Tangible Benefit Treasures Time Sentence Group Depreciation Rate as referred to in Sentence (1) (2)** I. Not a Building Group 1 4 years 25% 50% Group 2 8 years 12,5% 25% Group 3 16 years 6,25% 12,5% Group 4 20 5% 10%	**(6)** To calculate depreciation, the useful life and depreciation rate of tangible assets are determined as follows: **Tangible Benefit Treasures Time Sentence Group Depreciation Rate as referred to in Sentence (1) (2)** I. Not a Building Group 1 4 years 25% 50% Group 2 8 years 12,5% 25% Group 3 16 years 6,25% 12,5% Group 4 20 5% 10%

years II. Building Permanent 20 5% years Not 10 10% permanent years	years II. Building Permanent 20 5% years Not permanent 10 10% years
	(6a) If the permanent building as referred to in paragraph (6) has a useful life of more than 20 (twenty) years, the depreciation as referred to in paragraph (1) shall be carried out in equal parts, in accordance with the useful life as referred to in paragraph (6) or in accordance with the actual useful life based on the Taxpayer's books.
(7) Further provisions regarding depreciation of tangible assets owned and used in certain business fields shall be regulated by a Regulation of the Minister of Finance.	**(7)** Depreciation of tangible assets owned and used in certain business fields can be regulated separately.

(8) If there is a transfer or withdrawal of assets as referred to in Article 4 paragraph (1) letter d or withdrawal of assets due to other reasons, the total book value of the assets is charged as a loss and the total selling price or insurance reimbursement received or obtained is recorded as income in the year the withdrawal of the	property. **(8)** If there is a transfer or withdrawal of assets as referred to in Article 4 paragraph (1) letter d or withdrawal of assets due to other reasons, the total book value of the assets is charged as a loss and the total selling price or insurance reimbursement received or obtained is recorded as income in the year the withdrawal of the property.
(9) If the result of the insurance reimbursement to be received can only be known with certainty in the future, then with the approval of the Director General of Taxes the amount of the loss as referred to in paragraph (8) is recorded as a past expense.	**(9)** If the result of the insurance reimbursement to be received can only be known with certainty in the future, then with the approval of the Director General of Taxes the amount of the loss as referred to in paragraph (8) is recorded as a past expense.

(10) If there is a transfer of property that meets the conditions as referred to in Article 4 paragraph (3) letter a and letter b, which is in the form of tangible property, then the total book value of the property cannot be charged as a loss for the party transferring.	**(10)** If there is a transfer of property that meets the conditions as referred to in Article 4 paragraph (3) letter a and letter b, which is in the form of tangible property, then the total book value of the property cannot be charged as a loss for the party transferring.
(11) Further provisions regarding the group of tangible assets in accordance with the useful life as referred to in paragraph (6) shall be regulated by a Regulation of the Minister of Finance.	**(11)** Deleted.
Article 11A	
(1) Amortization of expenses to acquire intangible assets and other expenses including the cost of extending the right to build, right to cultivate, right to use, and goodwill with a useful life of more than 1 (one) year which is used to obtain, collect and maintain income is carried out in equal parts or in decreasing portions over the useful life, which is calculated by applying the amortization rate to the expenditure or to the remaining book value and at the end of the useful life it is amortized all at once on condition that it is carried out in accordance with the principles.	**(1)** Amortization of expenses to acquire intangible assets and other expenses including the cost of extending the right to build, right to cultivate, right to use, and goodwill with a useful life of more than 1 (one) year which is used to obtain, collect and maintain income is carried out in equal parts or in decreasing portions over the useful life, which is calculated by applying the amortization rate to the expenditure or to the remaining book value and at the end of the useful life it is amortized all at once on condition that it is carried out in accordance with the principles.
(1a) Amortization begins in the month the expenditure is made, except for certain business fields which are further regulated by a Regulation of the Minister of Finance.	**(1a)** Amortization begins in the month the expenditure is made, except for certain business fields.
(2) To calculate amortization, the useful life and amortization rate are determined as follows: **Intangible Benefit Treasure Group Time Amortization rate by method Straight line Decreased Balance** Group 1 4 years 25% 50% Group 2 8 years 12,5% 25% Group 3 16 years 6,25% 12,5% Group 4 20 years 5% 10%	**(2)** To calculate amortization, the useful life and amortization rate are determined as follows: **Intangible Benefit Treasure Group Time Amortization rate by method Straight line Decreased Balance** Group 1 4 years 25% 50% Group 2 8 years 12,5% 25% Group 3 16 years 6,25% 12,5% Group 4 20 years 5% 10%

	(2a) If the intangible assets as referred to in paragraph (2) have a useful life exceeding 20 (twenty) years, the amortization as referred to in paragraph (1) is carried out in accordance with the useful life as referred to in paragraph (2) for group 4 intangible assets or in accordance with with the actual useful life based on the Taxpayer's books.
(3) Expenditures for establishment costs and capital expansion costs of a company are charged in the year the expenditures are incurred or are amortized in accordance with the provisions as referred to in paragraph (2).	**(3)** Expenditures for establishment costs and capital expansion costs of a company are charged in the year the expenditures are incurred or are amortized in accordance with the provisions as referred to in paragraph (2).
(4) Amortization of expenditures to acquire rights and other expenses that have a useful life of more than 1 (one) year in the field of oil and gas mining is carried out using the unit of production method.	**(4)** Amortization of expenditures to acquire rights and other expenses that have a useful life of more than 1 (one) year in the field of oil and gas mining is carried out using the unit of production method.
(5) Amortization of expenditures to obtain mining rights other than those referred to in paragraph (4), forest concession rights, and natural resource exploitation rights and other natural products that have a useful life of more than 1 (one) year, is carried out using the maximum unit of production method. 20% (twenty percent) a year.	**(5)** Amortization of expenditures to obtain mining rights other than those referred to in paragraph (4), forest concession rights, and natural resource exploitation rights and other natural products that have a useful life of more than 1 (one) year, is carried out using the maximum unit of production method. 20% (twenty percent) a year.
(6) Expenditures made prior to commercial operations which have a useful life of more than 1 (one) year are capitalized and then amortized in accordance with the provisions as referred to in paragraph (2).	**(6)** Expenditures made prior to commercial operations which have a useful life of more than 1 (one) year are capitalized and then amortized in accordance with the provisions as referred to in paragraph (2).
(7) If there is a transfer of intangible assets or rights as referred to in paragraph (1), paragraph (4), and paragraph (5), the remaining book value of the assets or rights is charged as loss and the amount received as replacement is income. in the year the transfer occurs.	**(7)** If there is a transfer of intangible assets or rights as referred to in paragraph (1), paragraph (4), and paragraph (5), the remaining book value of the assets or rights is charged as loss and the amount received as replacement is income. in the year the transfer occurs.
(8) If there is a transfer of property that meets the conditions as referred to in Article 4 paragraph (3) letter a and letter b, which is in the form of intangible property, then the amount of the remaining book value of the property cannot be charged as a loss for the transferring party.	**(8)** If there is a transfer of property that meets the conditions as referred to in Article 4 paragraph (3) letter a and letter b, which is in the form of intangible property, then the amount of the remaining book value of the property cannot be charged as a loss for the transferring party.
Article 17	

7

(1) Tax rates applied to Taxable Income for: a. Domestic individual taxpayers are as follows:

Layers of Taxable Income	**Tax Rate**
up to Rp50,000,000.00 (fifty million rupiah)	5%
above Rp.50,000,000.00 (fifty million rupiah) up to Rp.250,000,000.00 (two hundred and fifty million rupiah)	15 %

above Rp250,000,000.00 (two hundred and fifty million rupiah) up to Rp500,000,000.00 (five hundred million rupiah)	25 %
above IDR 500,000,000 (five hundred million rupiah)	30 %

	Rate
up to Rp 60,000,000.00 (sixty million rupiah)	5%
above Rp . 60,000,000.00 (sixty million rupiah) up to Rp. 250,000,000.00 (two hundred and fifty million rupiah)	15 %
above Rp250,000,000.00 (two hundred and fifty million rupiah) up to Rp500,000,000.00 (five hundred million rupiah)	25 %
above Rp. 500,000,000.00 (five hundred million rupiah) up to Rp. 5,000,000,000.00 (five billion rupiah)	30 %
above Rp5,000,000,000.00 (five billion rupiah)	35 %

b. Domestic corporate taxpayers and permanent establishments are 28% (twenty eight percent).

(1) Tax rates applied to Taxable Income for: a. Domestic individual taxpayers are as follows:

Layers of Taxable Income	Tax

(2) The highest tariff as referred to in paragraph (1) letter a can be reduced to a minimum of 25% (twenty five percent) which is regulated by a Government Regulation. **(2a)** The tariff as referred to in paragraph (1) letter b will be 25% (twenty five percent) which will come into effect since the 2010 fiscal year.

(2b) Domestic corporate taxpayers in the form of a public company that at least 40% (forty percent) of the total number of paid-up shares are traded on the stock exchange in Indonesia and fulfill certain other requirements may obtain a rate of 5% (five percent) lower than the tariff. as referred to in paragraph (1) letter b and paragraph (2a) which are regulated by or based on a Government Regulation.

(2c) The rate imposed on income in the form of dividends distributed to individual domestic taxpayers is a maximum of 10% (ten percent) and is final.

(2d) Further provisions regarding the amount of the tariff as referred to in paragraph (2c) shall be regulated by a Government Regulation.

(3) The amount of the layer of Taxable Income as referred to in paragraph (1) letter a can be changed by a Decree of the Minister of Finance.

(4) For the purpose of applying the tax rate as referred to in paragraph (1), the amount of the Taxable Income is rounded down in full thousand rupiahs.

(5) The amount of tax payable for individual domestic taxpayers who are tax payable in the part of the tax year as referred to in Article 16 paragraph (4), is calculated as the number of days in the part of the tax year divided by 360 (three hundred and sixty) multiplied by the tax payable. for 1 (one) tax year.

(6) For the purposes of calculating taxes as referred to in paragraph (5), each full month is counted as 30 (thirty) days.

(7) With a Government Regulation a separate tax rate can be determined on income as referred to in Article 4 paragraph (2), as long as it does not exceed the highest tax rate as referred to in paragraph (1).

b. Domestic corporate taxpayers and permanent establishments of 22% (twenty two percent) which will come into effect in the fiscal year 2022.

(2) The tariff as referred to in paragraph (1) letter a may be amended by a Government Regulation after being submitted by the government to the House of Representatives of the Republic of Indonesia to be discussed and agreed upon in the preparation of the Draft State Budget.

(2a) Deleted.

(2b) Domestic corporate taxpayers:

a. in the form of a public company;

b. with the total number of paid-up shares traded on the stock exchange in Indonesia at least 40% (forty percent); and

c. meet certain requirements, may obtain a tariff of 3% (three percent) lower than the tariff as referred to in paragraph (1) letter b.

(2c) The rate imposed on income in the form of dividends distributed to individual domestic taxpayers is a maximum of 10% (ten percent) and is final.

(2d) Further provisions regarding the amount of the tariff as referred to in paragraph (2c) shall be regulated by a Government Regulation.

(2e) Further provisions regarding certain requirements as referred to in paragraph (2b) letter c shall be regulated by or based on a Government Regulation.

(3) The amount of the layer of Taxable Income as referred to in paragraph (1) letter a can be changed by a Regulation of the Minister of Finance.

(4) For the purpose of applying the tax rate as referred to in paragraph (1), the amount of the Taxable Income is rounded down in full thousand rupiahs.

(5) The amount of tax payable for individual domestic taxpayers who are tax payable in the part of the tax year as referred to in Article 16 paragraph (4), is calculated as the number of days in the part of the tax year divided by 360 (three hundred and sixty) multiplied by the tax payable. for 1 (one) tax year.

(6) For the purposes of calculating taxes as referred to in paragraph (5), each full month is counted as 30 (thirty) days.

(7) With a Government Regulation a separate tax rate can be determined on income as referred to in Article 4 paragraph (2), as long as it does

not exceed the highest tax rate as referred to in paragraph (1).

Article 18

8

(1) The Minister of Finance is authorized to issue a decision regarding the ratio between debt and company capital for the purposes of calculating taxes based on this Law.

(2) The Minister of Finance has the authority to determine when a domestic Taxpayer receives dividends for equity participation in a foreign business entity other than a business entity that sells its shares on the stock exchange, with the following provisions:

a. the amount of capital participation of the said resident Taxpayer is at least 50% (fifty percent) of the total paid-up shares; or

b. together with other domestic Taxpayers have an equity participation of at least 50% (fifty percent) of the total paid-up shares.

(3) The Director General of Taxes has the authority to re-determine the amount of income and deductions as well as to determine debt as capital to calculate the amount of Taxable Income for Taxpayers who have special relationships with other Taxpayers in accordance with the fairness and normality of business that is not affected by special relationships by using the price comparison method. between

independent parties, the resale price method, the cost-plus method, or other methods.

(3a) The Director General of Taxes is authorized to enter into agreements with Taxpayers and cooperate with other country's tax authorities to determine the price of transactions between parties having a special relationship as referred to in paragraph (4), which is valid for a certain period and supervises its implementation and conducts renegotiations. after the specified period ends.

(3b) A Taxpayer who purchases shares or assets of a company through another party or an entity formed for such a purpose (a *special purpose company*), can be designated as the party who actually makes the purchase as long as the Taxpayer concerned has a special relationship with

(1) The Minister of Finance has the authority to set limits on the amount of borrowing costs that can be charged for the purposes of calculating taxes based on this Law.

(2) The Minister of Finance has the authority to determine when a domestic Taxpayer receives dividends for equity participation in a foreign business entity other than a business entity that sells its shares on the stock exchange, with the following provisions: a. the amount of capital participation of the said resident Taxpayer is at least 50% (fifty percent) of the total paid-up shares; or

b. together with other domestic Taxpayers have an equity participation of at least 50% (fifty percent) of the total paid-up shares.

(3) The Director General of Taxes has the authority to re-determine the amount of income and deductions as well as to determine debt as capital to calculate the amount of Taxable Income for Taxpayers who have special relationships with other Taxpayers in accordance with the fairness and normality of business that is not affected by special relationships by using the price comparison method. between independent parties, the resale price method, the cost-plus method, or other methods.

(3a) The Director General of Taxes is authorized to enter into agreements with Taxpayers and cooperate with other country's tax authorities to determine the price of transactions between parties having a special relationship as referred to in paragraph (4), which is valid for a certain period and supervises its implementation and conducts renegotiations. after the specified period ends.

(3b) A Taxpayer who purchases shares or assets of a company through another party or an entity formed for such a purpose (a *special purpose company*), can be designated as the party who actually makes the purchase as long as the Taxpayer concerned has a special relationship with the other party or entity and there is pricing irregularities.

(3c) The sale or transfer of shares of an intermediate company (*conduit company or special purpose company*) established or domiciled in a *tax haven country* that has a

the other party or entity and there is pricing irregularities.

(3c) The sale or transfer of shares of an intermediate company (*conduit company or special purpose company*) established or domiciled in a *tax haven country* that has a special relationship with an entity established or domiciled in Indonesia or a permanent establishment in Indonesia may determined as the sale or transfer of shares of an entity established or domiciled in Indonesia or a permanent establishment in Indonesia.

(3d) The amount of income earned by a domestic individual Taxpayer from an employer who has a special relationship with another company not established and not domiciled in Indonesia can be re determined, in the event that the employer transfers all or part of the income of the domestic individual Taxpayer to in the form of fees or other expenses paid to the company which is not established and is not domiciled in Indonesia.

(3e) The implementation of the provisions as referred to in paragraph (3b), paragraph (3c), and paragraph (3d) shall be further regulated by or based on a Regulation of the Minister of Finance.

(4) A special relationship as referred to in paragraph (3) to paragraph (3d), Article 9 paragraph (1) letter f, and Article 10 paragraph (1) is considered to exist when: a. Taxpayers have direct or indirect equity participation of at least 25% (twenty five percent) in other Taxpayers; relationship between the Taxpayer and the minimum participation of 25% (twenty five percent) in two or more Taxpayers; or the relationship between two or more Taxpayers mentioned last;

b. a Taxpayer controls another Taxpayer or two or more Taxpayers are under the same control either directly or indirectly; or

c. there are family relationships both by blood and by blood in the direct bloodline and/or to the side of one degree.

(5) Deleted.

special relationship with an entity established or domiciled in Indonesia or a permanent establishment in Indonesia may determined as the sale or transfer of shares of an entity established or domiciled in Indonesia or a permanent establishment in Indonesia.

(3d) The amount of income earned by a domestic individual Taxpayer from an employer who has a special relationship with another company not established and not domiciled in Indonesia can be re-determined, in the event that the employer transfers all or part of the income of the domestic individual Taxpayer to in the form of fees or other expenses paid to the company which is not established and is not domiciled in Indonesia.

(3e) Deleted.

(4) A special relationship as referred to in paragraph (3) to paragraph (3d), Article 9 paragraph (1) letter f, and Article 10 paragraph (1) is considered to exist when: a. Taxpayers have direct or indirect equity participation of at least 25% (twenty five percent) in other Taxpayers; relationship between the Taxpayer and the minimum participation of 25% (twenty five percent) in two or more Taxpayers; or the relationship between two or more Taxpayers mentioned last;

b. a Taxpayer controls another Taxpayer or two or more Taxpayers are under the same control either directly or indirectly; or

c. there are family relationships both by blood and by blood in the direct bloodline and/or to the side of one degree.

(5) Deleted.

9	**Pasal 32A**

The government is authorized to enter into agreements with the governments of other countries in the context of avoiding double taxation and preventing tax evasion.

The government is authorized to form and/or implement agreements and/or agreements in the field of taxation with the governments of partner countries or partner jurisdictions, both bilaterally and multilaterally in the context of:

a. avoidance of double taxation and prevention of tax evasion;

b. prevention of erosion of the taxation base and shifting of profits;

c. exchange of tax information;

d. tax collection assistance; and

e. other tax cooperation.

10	**CHAPTER VIIA DELEGATION OF AUTHORITY**
11	**Pasal 32C**

Further provisions on:

a. income in the form of gains due to the transfer of assets in the form of grants, assistance, or donations that are excluded from tax objects because they are given to blood relatives in a straight line of one degree and religious bodies, educational bodies, social institutions including foundations, cooperatives, or individuals who run micro-enterprises and small, as long as there is no relationship with business, occupation, ownership, or control between the parties concerned as referred to in Article 4 paragraph (1) letter d number 4;

b. certain skill criteria and the imposition of Income Tax for foreign nationals as referred to in Article 4 paragraph (1a);

c. donated assets received by blood relatives in a straight line of one degree, religious bodies, educational bodies, social institutions including foundations, cooperatives, or individuals who run micro and small businesses, as long as there is no relationship with business, employment, ownership, or control among the parties concerned, who are excluded from the tax object as referred to in Article 4 paragraph (3) letter a number 2;

d. replacement or remuneration in connection with work or services received or obtained in kind and/or enjoyment that is excluded from the tax object as referred to in Article 4 paragraph (3) letter d;

e. the criteria, period, and changes to the limits on the dividends invested, as well as the provisions for exemption from Income Tax on dividends or other income as referred to in Article 4 paragraph (3) letter f;

f. income from investment in certain fields received by the pension fund, which is excluded from the tax object as referred to in Article 4 paragraph (3) letter h;

g. scholarships that meet certain requirements that are exempt from tax objects as referred to in Article 4 paragraph (3) letter l;

h. the excess that is received or obtained by a non-profit agency or institution engaged in education and/or research and development, which is excluded from the tax object as referred to in Article 4 paragraph (3) letter m;

i. assistance or compensation paid by the Social Security Administering Body to certain Taxpayers, which are excluded from the tax object as referred to in Article 4 paragraph (3) letter n;

j. deposit funds for Hajj Organizing Fees (BPIH) and/or special BPIH, and income from the development of Hajj finance in certain financial fields or instruments received by the Hajj Financial Management Agency (BPKH), which are excluded from the tax object as referred to in Article 4 paragraph (3) the letter o;

k. the excess received/obtained by social and religious bodies or institutions, which are excluded from the tax object as referred to in Article 4 paragraph (3) letter p;

l. promotion and sales costs that can be deducted from gross income as referred to in Article 6 paragraph (1) letter a number 7;

m. receivables that are clearly uncollectible which can be deducted from the gross income as referred

to in Article 6 paragraph (1) letter h;

n. replacement cost or compensation provided in kind and/or enjoyment which can be deducted from gross income as referred to in Article 6 paragraph (1) letter n;

o. the formation or accumulation of reserve funds which can be deducted from gross income as referred to in Article 9 paragraph (1) letter c;

p. group of tangible assets, useful life, and calculation of depreciation as referred to in Article 11 paragraph (6) and paragraph (6a);

q. depreciation on tangible assets owned and used in certain business fields as referred to in Article 11 paragraph (7);

r. at the commencement of amortization for certain business fields as referred to in Article 11A paragraph (1a);

s. calculation of amortization as referred to in Article 11A paragraph (2) and paragraph (2a); t. limit on the amount of borrowing costs that can be charged for tax calculation purposes as referred to in Article 18 paragraph (1);

u. determination of the time when dividends are obtained by a resident Taxpayer for equity participation in a foreign business entity other

than the business entity that sells its shares on the stock exchange as referred to in Article 18 paragraph (2);

v. application of the principle of fairness and business practice in the context of calculating the amount of Taxable Income for Taxpayers who have special relationships with other Taxpayers as referred to in Article 18 paragraph (3);

w. implementation of transaction price formation agreements between parties that have a special relationship as referred to in Article 18 paragraph (3a);

x. determination of the party that actually purchases the shares or assets of the company through another party or an entity formed for such a purpose (*special purpose company*) as referred to in Article 18 paragraph (3b);

y. stipulation on the sale of the transfer of shares of an entity established or domiciled in Indonesia or a permanent establishment in Indonesia as referred to in Article 18 paragraph (3c);

z. re-determination of the amount of income earned by a domestic individual Taxpayer from an employer who has a special relationship with another company that is not established and is not domiciled in Indonesia as referred to in Article 18 paragraph (3d);

aa. special relationship criteria as referred to in Article 18 paragraph (4);

bb. establishment and/or implementation of agreements and/or agreements in the field of taxation as referred to in Article 32A,

regulated by or based on a Government Regulation.