

Doctor

A. Legal Basis

The legal sources underlying this tax guide are as follows.

- (i) Law Number 7 of 1983 concerning Income Tax as amended several times, most recently by Law Number 7 of 2021 (PPH Law);
- (ii) Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, most recently by Law Number 7 of 2021 (UU KUP);
- (iii) Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended several times, most recently by Law Number 7 of 2021 (VAT Law);
- (iv) Government Regulation of the Republic of Indonesia Number 23 of 2018 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers Having a Certain Gross Circulation (PP No. 23/2018);
- (v) Regulation of the Minister of Finance Number 147/PMK.03/2017 concerning Procedures for Registration of Taxpayers and Elimination of Taxpayer Identification Numbers as well as the Inauguration and Revocation of Inauguration of Taxable Entrepreneurs (PMK 147/2017);
- (vi) Regulation of the Minister of Finance Number 68/PMK.03/2010 concerning VAT Small Entrepreneur Limits as amended by Regulation of the Minister of Finance of the Republic of Indonesia Number 197/PMK.03/2013 (PMK 68/2010 stdd PMK 197/2013);
- (vii) Regulation of the Minister of Finance Number 243/PMK.03/2014 concerning Notification Letters (SPT) as amended by Regulation of the Minister of Finance of the Republic of Indonesia Number 9/PMK.03/2018 (PMK 243/2014 stdd PMK 9/2018);
- (viii) Regulation of the Minister of Finance of the Republic of Indonesia Number 258/PMK.03/2008 concerning Withholding Income Tax Article 26 on Income from the Sale or Transfer of Shares as referred to in Article 18 Paragraph (3c) of the Law on Income Tax Received or Obtained by Foreign Taxpayers (PMK 258/2008);
- (ix) Regulation of the Minister of Finance Number 252/PMK.03/2008 concerning Instructions for Implementing Withholding Tax on Income Related to Work, Services, and Activities of Individuals (PMK 252/2008);
- (x) Regulation of the Director General of Taxes Number PER-16/PJ/2016 concerning Technical Guidelines on Procedures for Withholding, Depositing and Reporting Income Tax Article 21 and/or Income Tax Article 26 in Relation to Work, Services, and Activities of Individuals (PER 16/2016);
- (xi) Regulation of the Director General of Taxes Number PER-17/PJ/2015 concerning Norms for Calculation of Net Income (PER-17/2015);
- (xii) Circular Letter Number SE-51/PJ.43/1995 concerning Withholding Income Tax Article 21 on Honorarium for Doctors Practicing in Hospitals (Series PPh Article 21 No. 9) (SE-51/1995); and (xiii) Ministry of Manpower & Central Statistics Agency. Indonesian Standard Classification. 2014.

B. Definitions and Tasks

Based on the 2014 Indonesian Occupational Standards Classification (KBJI), a doctor is someone who studies, diagnoses, treats, and prevents illness, injury, and other physical and mental disorders in humans by applying the principles and procedures of modern medicine. Doctors also plan, supervise, and evaluate the implementation of care and treatment plans by other health care providers, and conduct medical education, and research activities. Meanwhile, doctors have several more specific tasks, namely:

- (i) perform a physical examination of patients and interview them and their families to determine their health status;
- (ii) order diagnostic tests and analyze findings;
- (iii) prescribe and carry out curative treatment and preventive measures;
- (iv) perform operations and other clinical procedures;
- (v) monitor patient progress and response to treatment;
- (vi) provide advice on health, nutrition, and lifestyle behaviors that aid in the prevention and treatment of diseases and disorders;
- (vii) identify and manage complications before, during, and after delivery;
- (viii) plan, manage, and implement referral plans for patients requiring specialized, long-term, and other types of health care services;
- (ix) exchange medical information with other healthcare professionals to ensure continuous and comprehensive care;
- (x) reporting of births, deaths and illnesses to government authorities; and (xi) conduct research on human disorders and diseases and preventive or curative methods.

C. Income Tax Object

Based on Article 4 paragraph (1) of the Income Tax Law (UU PPh) it is explained that the object of income tax includes all income, namely any additional economic earned by the taxpayer, in this case is a doctor. The income in question applies in general, both originating from Indonesia and from outside Indonesia, as long as it can be used for consumption and to increase the wealth of the doctor concerned, and in any name and in any form. Accordingly, the doctor's income that may be subject to income tax is as follows:

C.1 Income related to freelance work

Free work that is generally carried out by doctors is work related to the practice of doctors in hospitals or clinics. In general, it can be explained that income related to independent work obtained by doctors is income paid by patients for doctor's services through hospitals or clinics. However, free work can also be extended to permanent doctors, visiting doctors, doctors who rent a room in a hospital as a place of practice, practice doctors themselves at their own expense, or other free work apart from practicing doctors, for example being a resource person or speaker at a seminar. or the like.

C.2 Income from business

Income from business is income **excluding income** from services in connection with independent and non-professional work as a doctor with a gross turnover not exceeding Rp. 4.8

billion in one tax year. The income from the business as intended will be subject to final income tax (PPh). Provisions for the imposition of final income tax on this type of income are based on the provisions of PP no. 23/2018. This may not apply if the taxpayer chooses to be subject to income tax based on the rates of Article 17 paragraph (1) letter a, Article 17 paragraph (2a), or Article 31E of the

Income Tax Law. An example of a doctor's income from a business is a restaurant business, a pharmacy business, etc.

C.3 Income related to work

If the doctor receives income from the employer with an agreement as a permanent employee, for example as a hospital employee, being a lecturer at a university, or a doctor in a company. This income also includes doctors who receive or earn a certain amount of income regularly as members of the board of commissioners and members of the supervisory board as well as directors who regularly and continuously manage the company as management, board of directors or head of a hospital or clinic. Thus, the income referred to above will be subject to Article 21 Income Tax.

C.4 Other non-final domestic income

In the event that the doctor earns domestic income in the form of royalties, interest, rent, or profits from the transfer and/or sale of other assets, rental of property other than land and/or buildings, or gifts. This income also applies to the compensation received by doctors from manufacturers of medical devices and drugs for their promotions.

C.5 Income from abroad

If the doctor earns income from abroad for his business, the dividend paid from abroad does not include losses from abroad. This type of income can be in the form of honorarium as a doctor abroad, dividend income, royalties, interest paid from abroad.

C.6 Income that is not a tax object

Some income that may be earned by doctors can be categorized as non-tax objects. For example, income from grants, assistance, donations, the share of profits received by doctors as members of a limited partnership which is not divided into shares.

C.7 Income subject to final income tax

Income received by doctors that can be categorized as objects of final income tax (PPH final) are interest on deposits or savings, sale of shares on the stock exchange, land and/or building leases, dividends, income received on the transfer of rights to land and/or buildings, and raffle prizes.

D. Doctors' Rights as Taxpayers

The medical profession in the scope of taxation also has rights guaranteed by the provisions of tax legislation. The rights of doctors as taxpayers include:

- (i) Doctors have the right to obtain information, direction, and guidance from tax officials;
- (ii) The doctor has the right to correct the notification letter (SPT) that has been submitted;
- (iii) Doctors have the right to get an extension of the time for submitting the SPT;
- (iv) Doctors are entitled to a non-taxable income reduction (PTKP);
- (v) Rights that apply when the tax audit is being conducted;
- (vi) The doctor is entitled to a refund for the overpayment of taxes;
- (vii) Doctors have the right to file legal remedies in the form of objections, appeals, or reconsideration;
- (viii) Doctors have the right to the confidentiality of taxpayer data guaranteed by tax law;
- (ix) Doctors are entitled to tax installments and

deferral of tax payments;

(x) Doctors have the right to use the norm for calculating net income (NPPN).

In this case, doctors as individual taxpayers (WP OP) who carry out business activities or independent work whose gross turnover in 1 year is less than Rp. 4.8 billion, are allowed to calculate the amount of net income using the NPPN calculation method. According to Appendix I to PER-17/PJ/2015, it is stated that the percentage of NPPN for taxpayers with a medical profession is 50%.

E. Doctor's Tax Liability

Doctors like professions in general also have tax obligations that must be met. The following are some of the tax obligations that must be carried out by a doctor:

- (i) Register to obtain a taxpayer identification number (NPWP) if the doctor has met the subjective and objective requirements as a taxpayer;
- (ii) Calculate, pay, withhold or deposit taxes. Doctors as taxpayers are required to do tax calculations, withholding or depositing taxes in accordance with applicable tax provisions. The provisions of tax calculations carried out by doctors can use the method of recording or bookkeeping in accordance with the applicable tax provisions. In addition, doctors must pay and deposit taxes owed to the state treasury through a perception bank or other payment place determined by the Minister of Finance.
- (iii) Doctors are required to fill out and submit tax returns on time. The SPT must be filled out in Indonesian by using Latin letters, rupiah currency units, Arabic numerals, and signed and submitted to the tax office where the doctor as the taxpayer is registered.
- (iv) Doctors as taxpayers are required to keep books or records. The provisions for individual taxpayers who carry out business activities or independent work as well as for corporate taxpayers in Indonesia are to keep books of account. This provision is based on Article 28 paragraph (1) of the Law on General Provisions and Tax Procedures (UU KUP). Meanwhile, the recording can be done by individual taxpayers who carry out business activities or independent work.

F. Basis of Tax Imposition

The calculation of tax on the medical profession must begin with the calculation of the tax base (DPP) of the income earned. It has been explained previously that doctors' income can be obtained from various sources and in various forms. Therefore, we have summarized several ways of calculating tax and the basis of taxation based on the type of income:

F.1 Income in connection with independent work received by doctors

F.1.1 Doctors who use the bookkeeping method

In the event that a doctor keeps books of account, the imposition of tax is based on the net income obtained by:

$$\text{Penghasilan Netto} = \text{Penghasilan Bruto} - \text{Biaya Usaha}$$

The business costs referred to include all costs incurred in order to obtain, collect, and maintain income (3M Costs).

F.1.2 Doctors who use the norm method

In the event that the doctor carries out business activities or independent work whose gross turnover in a year is less than Rp. 4.8 billion, the doctor may be allowed to calculate net income using NPPN. The percentage of NPPN

for the medical profession based on Attachment I PER-17/PJ/2015 is 50% for all regions in Indonesia. The following is the formula for calculating net income:

$$\text{Penghasilan Netto} = \text{Norma} \times \text{Penghasilan Bruto}$$

After obtaining the amount of net income, it is included in the calculation of the doctor's taxable income, namely in the following way:

$$\text{Penghasilan Kena Pajak} = \text{Penghasilan Netto} - \text{Penghasilan Tidak Kena Pajak}$$

For more details, non-taxable income (PTKP) can be determined based on the status of the doctor concerned. The reference for calculating PTKP can be seen in the table below:

Keterangan	Besaran PTKP (Rp)
Atas diri sendiri wajib pajak orang pribadi	54.000.000
Tambahan untuk wajib pajak kawin	4.500.000
Tambahan untuk istri yang penghasilannya digabung dengan penghasilan suami	54.000.000
Tambahan untuk setiap tanggungan	4.500.000

After obtaining taxable income, it is time to calculate how much tax the doctor owes. In calculating the tax payable this time using the Article 17 income tax rate for individuals.

Lapisan Penghasilan Kena Pajak	Tarif Pajak
Sampai dengan Rp50.000.000	5%
Rp50.000.000 - Rp250.000.000	15%
Rp250.000.000 - Rp500.000.000	25%
di atas Rp500.000.000	30%

F.2 Income from business received by doctors

F.2.1 Before July 1, 2018

On income from business earned by doctors as taxpayers who have a certain gross turnover, final income tax will be imposed at a rate of 1% multiplied by gross turnover every month.

F.2.2 Since July 1 2018

Income from business received or obtained by a doctor as a taxpayer with a certain gross turnover will be subject to final income tax **within a certain period** as regulated in PP no. 23/2018. The final income tax rate is 0.5% multiplied by gross monthly turnover.

F.2.3 Gross income above IDR 4.8 billion

In the event that a doctor earns income from business that is received from a domestic business with a gross turnover in the current tax year of more than Rp. 4.8 billion, the doctor as a taxpayer can use the rates of Article 17 paragraph (1) letter a, Article 17 paragraph (2a), or Article 31E of the Income Tax Law for the next tax year.

F.3 Income related to work

In the event that the doctor receives regular income from the employer, the net income is adjusted to the evidence of withholding Income Tax Article 21. The method for calculating DPP or taxable income carried out by the employer is as follows:

$$\text{Penghasilan Neto} = \text{Penghasilan Bruto} - \text{Biaya Jabatan} - \text{Jaminan Hari Tua}$$

$$\text{DPP} = \text{Penghasilan Neto} - \text{PTKP}$$

In this case, the amount of the office fee is a maximum of Rp.

6,000,000 in one tax year. **F.4 Other domestic income that is not subject to final income tax**

In the event that the doctor receives other income originating from within the country, for example in the form of royalties, interest, rent, or profits from the sale of other assets, rental of property other than land and/or buildings, gifts, and other compensation, the calculation as described in Article 17 paragraph (1) letter a PPh Law. Thus, the calculation is as follows:

$$\text{DPP} = (\text{Penghasilan} \times 50\%)$$

$$\text{PPh Terutang} = \text{DPP} \times \text{Tarif PPh Pasal 17}$$

F.5 Overseas income

In the event that doctors receive income originating from abroad, the income will be an additional income in the calculation of the income tax payable according to the rates of Article 17 paragraph (1) letter a of the Income Tax Law. If the doctor as a taxpayer has paid income tax abroad, the tax payment can be credited against the income tax payable in Indonesia. This foreign tax credit (KPLN) can be made as long as the maximum amount of the tax credit is equal to the amount of tax paid or payable abroad, **but must not exceed a certain amount**. In addition, there is a requirement that the amount of foreign income tax payable that can be credited **must be less than** :

- (i) Income tax withheld or paid abroad; **or**
- (ii) KPLN maximum limit. The maximum limit can be calculated by:

$$\text{Batas maksimum KPLN} = \frac{\text{Penghasilan di luar negeri}}{\text{Penghasilan kena pajak}} \times \text{PPh terutang}$$

F.6 Income subject to final income tax

Some income received by the medical profession can be categorized as the object of final income tax, for example savings interest, deposit interest, sale of shares on the stock exchange, dividends, land and/or building leases, and other income received due to the transfer of land rights and/or building.

G. Case Illustration

Hamdy is a doctor in the North Jakarta area. The income during 2019 obtained by Doctor Hamdy is as follows:

No	Uraian	Jumlah (Rp)
1.	Penghasilan neto yang diperoleh dari gaji sebagai PNS pada RSUD Kelapa Gading setelah dikurangi biaya jabatan (Rp6.000.000,00) (sesuai formulir 1721-A2)	114.000.000
2.	Penghasilan bruto dari praktik dokter di RS Sehat Sejahtera	106.000.000
3.	Penghasilan bruto dari praktik dokter di Klinik Pribadi	200.000.000

Other information related to Doctor Hamdy's income and tax payments are as follows:

- (i) Doctor Hamdy gets a salary and allowances per month as a civil servant at the Kelapa Gading Hospital in the amount of IDR 10,000,000

- (ii) Doctor Hamdy provides medical services to the Internal Medicine Poly at the Sehat Sejahtera Hospital with gross income obtained from paying patients' medical services to doctors. The following is a breakdown of Doctor Hamdy's gross income:

Bulan	Jasa Medis
Januari	7.500.000
Februari	7.500.000
Maret	12.000.000
April	12.000.000
Mei	7.500.000
Juni	10.000.000
Juli	12.000.000
Agustus	7.500.000
September	5.000.000
Oktober	5.000.000
November	10.000.000
Desember	10.000.000

- (iii) Doctor Hamdy also opened a private practice, which is related to his specialization in internal medicine. He provides medical services as well as providing medicine to patients whose bills are one. The turnover records of Dr. Hamdy's practice are as follows:

Bulan	Praktik di Klinik
Januari	20.000.000
Februari	15.000.000
Maret	20.000.000
April	10.000.000
Mei	10.000.000
Juni	30.000.000
Juli	20.000.000
Agustus	20.000.000
September	20.000.000
Oktober	10.000.000
November	10.000.000
Desember	15.000.000

- (iv) To fulfill his tax obligations, Doctor Hamdy has submitted to the KPP regarding the notification of the use of norms on March 14, 2019. Based on his records, it is known that the gross circulation during 2019 was still below Rp. 4.8 billion, thus fulfilling the criteria for using the norm for calculating net income (NPPN). as stipulated in PER-17/PJ/2015, which is 50%.

- (v) Doctor Hamdy's wife is not working. And currently Dr. Hamdy

has 2 children. (vi) Income tax withholding data:

No	Uraian	Jumlah (Rp)
1.	PPH Pasal 21 atas penghasilan sebagai PNS dari RSUD Kelapa Gading	11.000.000
2.	PPH Pasal 21 dari penghasilan jasa medis dari RS Sehat Sejahtera	3.300.000

a. INCOME

1) business activities and free work

Norms for Calculation of Net Income for free work in the medical profession in the Jakarta area (PER-17/PJ./2015)

2) PNS job at Kelapa Gading Hospital Rp.114,000,000

Total net income IDR 268,000,000

b. ZAKAT

c. COMPENSATION FOR LOSS

d. NON-TAXABLE INCOME (K/2)

TAXABLE INCOME IDR 200,500,000

f. PPh payable

e.

TAX CREDIT

Income tax withheld or collected by other parties

g.