

## Tax Overview in Indonesia 2026

### 16 December 2025 (Corporate Tax Overview)

Type of Tax	Rate	Note
Value-Added Tax	11%	<p>Value Added Tax (VAT) in Indonesia</p> <p>VAT is charged by a taxable seller (PKP) on the supply of taxable goods or services.</p> <ol style="list-style-type: none"> <li>Buyer is a taxable company (PKP) <ul style="list-style-type: none"> <li>VAT is billed by the seller and recorded as Input VAT (VAT In) by the buyer.</li> <li>Input VAT can be credited against Output VAT (VAT Out).</li> <li>The difference between Output VAT and Input VAT represents the VAT payable or refundable.</li> </ul> </li> <li>Buyer is a non-taxable company (Non-PKP) <ul style="list-style-type: none"> <li>VAT is still charged by the seller.</li> <li>The VAT paid cannot be credited.</li> <li>It is recorded as non-creditable VAT and recognized as part of the expense or asset cost, in a separate account.</li> </ul> </li> </ol> <p><b>Payment deadline: T+30</b>  <b>Report deadline: T+30</b></p>
Corporate Income Tax	0,5%	<ol style="list-style-type: none"> <li>The 0.5% final income tax on gross turnover is regulated under Government Regulation (PP) No. 23 of 2018.</li> <li>It applies to taxpayers with annual gross revenue <math>\leq</math> IDR 4.8 billion.</li> <li>For limited liability companies (PT), the regime may be used for a maximum of 3 fiscal years.</li> </ol>

		<p>4. The tax is calculated monthly based on gross revenue and paid no later than the 15th of the following month.</p> <p>5. After the time limit expires or turnover exceeds IDR 4.8 billion, the taxpayer must move to the normal CIT regime (per Income Tax Law as amended by UU No. 7 of 2021 (UU HPP)).</p> <p>6. Recent tax authority guidance (2024–2025) indicates that new corporate taxpayers (PT/CV) may no longer be allowed to newly elect the 0.5% regime, while existing users may continue until their eligibility period ends.</p> <p><b>Payment deadline: T+15</b>  <b>Report deadline: -</b></p>
Corporate Income Tax	22%	<p>Corporate Income Tax (CIT) – 22% Normal Rate (Indonesia)</p> <p>The standard CIT rate is 22%, regulated under Article 17 of Income Tax Law (UU PPh) as amended by Law No. 7 of 2021 (UU HPP).</p> <p>This rate applies to companies that:</p> <ul style="list-style-type: none"> <li>• Have annual gross turnover above IDR 4.8 billion, or</li> <li>• Choose to conduct bookkeeping, or</li> <li>• Have exceeded the time limit for using PP 23/2018 (0.5% final tax).</li> </ul> <p>Companies with gross turnover <math>\leq</math> IDR 50 billion are entitled to a facility under Article 31E UU PPh, allowing a 50% reduction of the 22% rate for the portion of taxable income attributable to turnover up to IDR 4.8 billion (calculated on a prorated basis).</p> <p>The annual CIT payable is settled and reported by 30 April of the following year through the Annual Corporate Income Tax Return (SPT Tahunan Badan).</p>

		<b>Payment deadline: 30 April</b> <b>Report deadline: 30 April</b>
WHT 21 – for staff	Progressive rate  Annual Taxable Income (IDR) Up to 60 million      5% > 60 – 250 million    15% > 250 – 500 million   25% > 500 million – 5 billion 30% Above 5 billion        35%	PPH Article 21 applies to remuneration paid to employees (salary, allowances, bonuses, etc.).  Monthly withholding generally uses the Effective Average Rate (TER) method, with final reconciliation at year-end.  <b>Payment deadline: T+15</b> <b>Report deadline: T+20</b>
WHT 21 – for non staff	Progressive rate  Annual Taxable Income (IDR) Up to 60 million      5% > 60 – 250 million    15% > 250 – 500 million   25% > 500 million – 5 billion 30% Above 5 billion        35%	PPH Article 21 applies to payments for services rendered by individual taxpayers who are not employees (e.g. consultants, freelancers, speakers).  The taxable base is 50% of the gross income received, which reset monthly. The Company that withhold the tax shall provide the tax slip to the payment receiver.  <b>Payment deadline: T+15</b> <b>Report deadline: T+20</b>
WHT 23	Tax rate: 2% of gross amount for services (e.g. professional, technical, management, consulting, and other services as regulated).  15% of gross amount for royalties, dividends, interest, and prizes (if not subject to other final tax).	PPH Article 23 applies to certain payments made to resident taxpayers (corporate or individual) for services or the use of assets.  The tax is withheld by the payer at the time of payment or accrual.  The withheld tax is creditable for the income recipient in their annual income tax return.  <b>Payment deadline: T+15</b> <b>Report deadline: T+20</b>
WHT 4(2)	Common objects and rates: <ul style="list-style-type: none"> <li>Land and/or building rental: 10% of gross amount</li> <li>Construction services: 2% – 6% of gross amount, depending on business qualification and certification</li> </ul>	PPH Article 4(2) is a final income tax imposed on certain types of income, meaning it cannot be credited against annual CIT.  Key characteristics: Tax is withheld or paid at source.

	<ul style="list-style-type: none"> <li>• Transfer of land and/or building: 2.5% of transaction value</li> <li>• Interest on deposits, savings, bonds: 20% (generally withheld by banks)</li> <li>• 0.5% UMKM turnover tax under PP 23/2018 (special regime)</li> </ul>	<p>The tax is final — no further income tax is due on the same income.</p> <p>Expense recognition is allowed, but the tax itself is not creditable.</p> <p><b>Payment deadline: T+15</b> <b>Report deadline: T+20</b></p>
WHT 25	Monthly installment for CIT	<p>PPH Article 25 is a monthly installment of Corporate Income Tax (CIT) paid in advance during the fiscal year.</p> <p>The installment is calculated based on the previous year's CIT payable, minus tax credits (e.g. PPh 21/22/23/24), and divided by 12 months.</p> <p>It applies to companies under the normal CIT regime (22%).</p> <p>PPH 25 is not a final tax and will be credited against the annual CIT payable.</p> <p>The amount may be adjusted if there is a significant change in business conditions (subject to tax office approval).</p> <p><b>Payment deadline: T+15</b> <b>Report deadline: -</b></p>
WHT 22	<p>Common objects and rates:</p> <p>Import of goods: 2.5% of import value – importers with Import Identification Number (API)</p> <p>7.5% of import value – importers without API</p> <p>Purchase of goods by government agencies, SOEs, or certain appointed entities:</p>	<p>PPH Article 22 is a withholding tax on certain transactions related to trade in goods, mainly imposed at the import or purchase stage.</p> <p>Purchase of specific commodities (e.g. fuel, steel, paper, automotive, etc.) by designated entities.</p> <p>Key characteristics: The tax is withheld or collected by appointed parties (Customs,</p>

	1.5% of purchase value (excluding VAT)	<p>government treasurers, SOEs, or specific companies).</p> <p>PPH 22 is not a final tax and is creditable against the recipient's annual income tax.</p>
VAT Oversea	11%	<p>1. Import of goods</p> <ul style="list-style-type: none"> <li>VAT is imposed on the import of goods into Indonesia.</li> <li>Rate: 11% of import value (customs value + import duty + other levies).</li> <li>VAT is collected by Customs at the time of import.</li> <li>Creditable as Input VAT if the importer is a taxable entrepreneur (PKP).</li> </ul> <p>2. Utilization of foreign services or intangible goods in Indonesia (e.g. consulting, software licenses, digital services from overseas)</p> <ul style="list-style-type: none"> <li>VAT is due if the service or intangible is used in Indonesia.</li> <li>Rate: 11%.</li> </ul> <p>Mechanism:</p> <ul style="list-style-type: none"> <li>If the foreign seller is appointed by DGT as VAT collector → VAT is charged directly to the Indonesian customer.</li> <li>If not appointed → the Indonesian customer must self-assess and pay VAT (reverse charge).</li> <li>Input VAT is creditable if the Indonesian customer is a PKP.</li> </ul> <p>3. Digital services (PMSE)</p> <ul style="list-style-type: none"> <li>VAT applies to cross-border digital products/services (e.g. streaming, cloud, apps).</li> <li>Rate: 11%, collected by appointed foreign digital platforms.</li> <li>VAT is not creditable for non-PKP customers.</li> </ul>

#### Penalty for late payment of WHT/VAT/CIT payable:

Sanctions of fines are based on the BI Reference Interest Rate, plus the percentage of fines in accordance with the provisions contained in the Taxation Cluster Job Creation Act, divided by 12

months effective on the date of commencement of the calculation of the sanctions, multiplied with the payable amount stated in the report.

**Penalty for late report submission:**

Type of Tax	Submission Date Report	Penalty (IDR)
WHT report	20 <sup>th</sup> of the following month	100.000,-
CIT annual report	30 <sup>th</sup> April on the next year	1.000.000,-
VAT report	At the end of the following month	500.000,-

**Note:**

- WHT art 22, 23, 25, and 26 that deducted from the customer are creditable to the CIT payable if you use the common rate.
- If you use PP 23, those WHT deducted from your customer cannot be credited. Vendor can provide SKB (non-withholding letter) to prevent customer to deduct the WHT. The letter is issued by the Tax Office, only for eligible entity according to the regulation.
- WHT art 4(2) is non-creditable as the tax is final.