



Client Alert: Tax

Revision to Deduction for Non-Taxable Income (PTKP) for Individual Resident Taxpayers

On 29 June 2015 the Minister of Finance issued Regulation No.122/PMK.010/2015 to replace the previous Minister of Finance Regulation No. 162/PMK.011/2012 dated 22 October 2012 regarding the deduction for Non-Taxable Income (PTKP).

The PTKP is deducted from an individual resident taxpayer's net income to determine their taxable income. The PTKP comprises a base deduction that may be increased depending on the taxpayer's marital status and number of dependents.

The revised PTKP amounts will be effective from 1 January, 2015 as presented in the table.

If the income is earned from business or from more than one employer (or the employer is a family business) then the income shall be combined with the husband's income and tax calculated on the total income. In this case an additional PTKP deduction of Rp. 36,000,000 is granted to determine the taxable income of the combined husband/wife.

When to determine the PTKP for a taxpayer

The PTKP for a taxpayer is determined "as at" 1 January and therefore any changes to the marital status or number of dependents of a taxpayer during 2015 (for example) are not taken into account until 2016.

Potential actions

To avoid an overpayment at December, 2015 it will be necessary to recalculate the Article 21 taxes for January-June, 2015 using these revised PTKP. There will be over-deducted Article 21 for employees that are subject to gross salary (i.e. where the tax is deducted before payment of the after-tax net salary). These over-deductions should be refunded to the employee. There will also be over-paid Article 21 that the Company can carry forward to the next month.

We can assist you to undertake these recalculations and necessary adjustments to the Article 21 tax return.

Description	Applicable until 31 Dec 2014 (Rp)	Applicable from 1 Jan 2015 (Rp)
For the individual taxpayer	24,300,000	36,000,000
Additional PTKP for a married taxpayer (Note 1)	2,025,000	3,000,000
Additional PTKP for a married wife whose income is combined with the income of her husband (Note 2)	24,300,000	36,000,000
Additional PTKP for each blood relative and relative by marriage in a straight line (including adopted children) that are dependent on the taxpayer, to a maximum of 3 dependents (Note 1)	2,025,000	3,000,000
Maximum PTKP (i.e. male, married with 3 dependents)	32,400,000	48,000,000
Maximum PTKP if income of wife is combined with income of the husband (with 3 dependents)	56,700,000	84,000,000

Note 1: The additional PTKP for a Married Taxpayer and/or Dependents usually applies for the male taxpayer only. That is a female taxpayer can only receive the additional deduction if she can provide a written statement from the local government (e.g. from the District Office (Kecamatan) that the husband does not work and does not earn any income.

Note 2: In general the income earned by a wife shall be reported with the income of the husband, however, that income will not be subject to additional tax provided the wife's income is earned from a single employer that is not related to the husband or other family member's business and that income is already subject to Article 21 tax.

**For assistance,
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