



# Global Mobility Services Bulletin

December 2021



## Have You Heard that Dividend is Tax Exempt in Indonesia?

One of the favorable changes to the income tax regulations (issued in Regulation No. 18/PMK.03/2021 (“PMK-18”)), introduced by the Omnibus Law ratified on 2 November 2020, was to tax exempt domestic and foreign dividend income, subject to certain conditions.

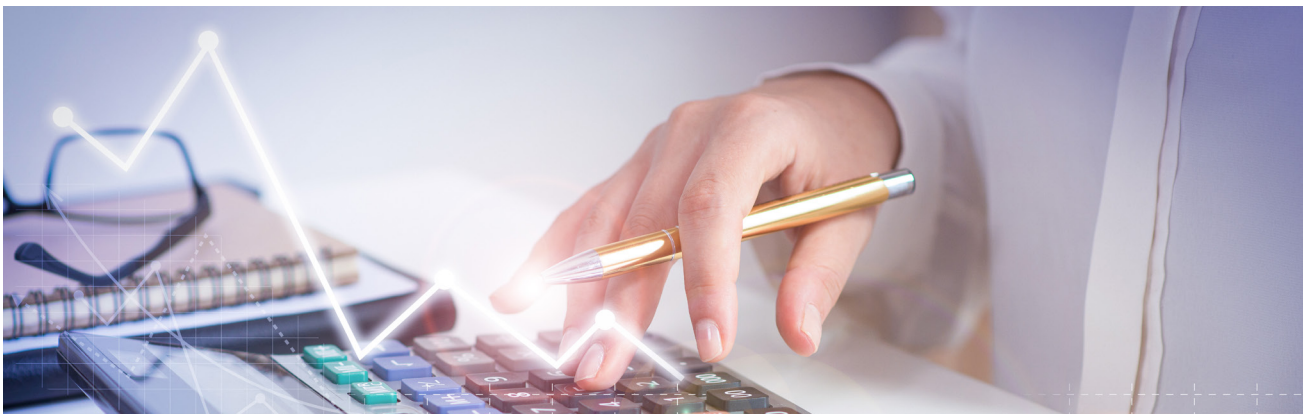
Domestic dividends are no longer subject to the 10% final tax, as a result you will receive 100% of each domestic dividend payment.

To enjoy the tax exemption under PMK-18, you will need to:

- Reinvest your dividends in Qualifying Investments in Indonesia;
- Hold each reinvestment for a minimum 3 years; and
- Submit an annual Investment Realization Report every year for 3 years for each reinvestment.

Otherwise you will need to pay the tax on dividend by yourself.

Domestic Dividends		Foreign Dividends	
From companies listed on the Indonesia Stock Exchange	From private companies	From companies listed on foreign stock exchange	From private companies
100% tax exempt if reinvested in Indonesia	100% tax exempt if reinvested in Indonesia	100% tax exempt if reinvested in Indonesia	100% tax exempt if the amount reinvested in Indonesia is at least 30% of the Company’s income after tax , proportional to the amount of your shareholding



## KPMG Note:

If you decide to reinvest your dividends, to ensure that you meet and maintain the tax exemption requirements, you need to:

1. Establish and maintain a record of all the dividends you receive beginning 1<sup>st</sup> January 2021. If they are dividends from an Indonesian-listed company, your securities company normally should send you a Dividend Confirmation or something similar every time you receive a dividend. You can use these Dividend Confirmations as a reference on the amount of dividends you have received in your investment portfolio.
2. Plan ahead how you will reinvest them in Qualifying Investments for 3 years. The reinvestment process must be completed no later than 31<sup>st</sup> March of the year following the year the dividends were received. As a note, early withdrawal is not permitted other than switching into another qualifying investment.
3. Qualifying investments include many types of investments in Indonesia such as: Indonesian government and Indonesian corporate bonds, and most financial investments in bank; Investment in infrastructure under a Public Private Partnership arrangement; and investment in real sectors.
4. Submit your yearly Investment Realization Reports electronically to the Indonesian Tax Authority (ITA) using your e-filing account by the end of March for 3 consecutive years for each reinvestment.
5. If you do not wish to reinvest your dividends in Indonesia for 3 years, you must pay the tax on dividend by creating an ID billing (electronic tax payment voucher) from your e-filing account. You may refer to the following table for tax payment detail:

Description	Domestic Dividends	Foreign Dividends
<b>Tax payment mechanism and deadline</b>	Self-pay by the 15 <sup>th</sup> of the following month after the dividend is paid.	Report in individual tax return and self-pay the tax payable by 31 <sup>st</sup> March of the following year
<b>Tax Rate</b>	10%	30% (assuming total annual income is higher than IDR500 million)
<b>ID Billing code</b>	<b>Type of Tax/ <i>Jenis Pajak</i>:</b> 411128-PPh Final  <b>Type of payment/ <i>Jenis Setoran</i>:</b> 419-Ps 17(2c) <i>Penghasilan Dividen utk OP Dalam Negeri</i>	<b>Type of Tax/ <i>Jenis Pajak</i>:</b> 411125  <b>Type of payment/ <i>Jenis Setoran</i>:</b> 200

6. Failure to pay the tax on dividends on a timely basis will result in a late payment penalty of 1% (approximately) per month.

# Contact us

## **KPMG Advisory Indonesia**

### **Tax Services**

33<sup>rd</sup> Floor, Wisma GKBI  
28, Jl. Jend. Sudirman  
Jakarta 10210, Indonesia  
**T:** +62 (0) 21 570 4888  
**F:** +62 (0) 21 570 5888

### **Abraham Pierre**

#### **Head of Tax Services**

Abraham.Pierre@kpmg.co.id

### **Aaron Brunier**

Aaron.Brunier@kpmg.co.id

### **Adeline Harriman**

Adeline.Harriman@kpmg.co.id

### **Andy Tanu Utomo**

Andy.Utomo@kpmg.co.id

### **Anita Priyanti**

Anita.Priyanti@kpmg.co.id

### **Bambang Budiman**

Bambang.Budiman@kpmg.co.id

### **Diana Ria Hutagaol**

Diana.Hutagaol@kpmg.co.id

### **Eko Prajanto**

Eko.Prajanto@kpmg.co.id

### **Esther Kwok**

Esther.Kwok@kpmg.co.id

### **Hamdanus Lukman**

Hamdanus.Lukman@kpmg.co.id

### **Irwan Setiawan**

Irwan.Setiawan@kpmg.co.id

### **Iwan Hoo**

Iwan.Hoo@kpmg.co.id

### **Jacob Zwaan**

Jacob.Zwaan@kpmg.co.id

### **Julya Permata Tjen**

Tjen.Permata@kpmg.co.id

### **Natalia Yamin**

Natalia.Yamin@kpmg.co.id

### **Sontang Ruli Siregar**

Sontang.Siregar@kpmg.co.id

### **Sutedjo**

Sutedjo@kpmg.co.id

### **Tonggo Aritonang**

Tonggo.Aritonang@kpmg.co.id

### **Yoshiyuki Misao**

Yoshiyuki.Misao@kpmg.co.id

**home.kpmg/id**

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

©2021 KPMG Advisory Indonesia, an Indonesian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.