

# Indonesia Issues Implementing Regulation for Amendments to Income Tax Law

19 January 2023

Report from Nina Umar, Editor, IBFD

The government has issued the implementing regulation in relation to the amendments made to the Income Tax Law (ITL) under Law No. 7 of 2021 on the Harmonization of Tax Regulations (*Harmonisasi Peraturan Perpajakan*, HPP Law) (see [Indonesia-1, News 5 November 2021](#)).

Government Regulation (GR) No. 55 of 2022 (GR-55) on the Amendments to the Income Tax Regulations sets out the details of the amendments to several provisions in the ITL, which include the following:

- taxation of foreign nationals in Indonesia including details of certain expertise criteria that apply to them;
- further guidance regarding:
  - income that is exempt from taxation;
  - expenses that can be deducted from gross income;
  - depreciation and amortization;
  - benefits-in-kind;
  - anti-avoidance measures; and
  - application of international taxation agreements;
- the rules on assistance or donations including *zakat*, *infaq*, alms, and religious donations, which are obligatory in nature but exempt from income tax;
- income tax rules on business income received or earned by taxpayers with a certain amount of gross income; and
- the rules on the reduced income tax rate for public companies.

GR-55 revoked several GRs including:

- GR No. 29 of 2020 on Income Tax Facility in the Management of Corona Virus Disease 2019 (COVID-19) (see [Indonesia-1, News 24 June 2020](#)); and
- GR No. 30 of 2020 on Reducing Income Tax Rates for Domestic Corporate Taxpayers in the Form of Public Companies (see [Indonesia-1, News 8 July 2020](#)).

Other implementing regulations (i.e. other than GRs) remain valid to the extent that they do not contradict GR-55.

GR-55 came into effect from 20 December 2022 and the full details are available [here](#) (in Indonesian only).

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