



Indonesia Tax Info February 2024

Guidance related to proof of withholding of Article 21 and/or 26 income tax is updated

Following the recent update on regulations related to Article 21 income tax (please refer to [Tax Alert January 2024](#) and [Tax Info January 2024](#)) on 19 January 2024, the Directorate General of Taxation (DGT) has issued Regulation Number PER-2/PJ/2024 (PER-2) to update the tax return used to report the withholding of Article 21 and/or 26 income tax (Form 1721). Through the issuance of PER-2, DGT Regulation Number PER-14/PJ/2013 (PER-14) is revoked.

Most of the forms under Form 1721 remain the same, with some updates to the naming of the forms. Below is the list of the contents in Form 1721 according to PER-14 and PER-2:

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Main form 1721	Main form of the tax return	V	V
1721 - I	List of proof of withholding of Article 21 income tax for permanent employees and pensioners receiving money related to pensions periodically	V	V
1721 - II	List of proof of withholding of nonfinal Article 21 and/or 26 income tax	V	V
1721 - III	List of proof of withholding of final Article 21 income tax	V	V
1721 - IV	List of tax payment slips (<i>Surat Setoran Pajak (SSP)</i>) and/or proof of overbooking (<i>Pemindahbukuan (Pbk)</i>) for withholding of Article 21 and/or 26 income tax	V	V
1721 - V	List of expenses	V	V
1721 - VI	Proof of withholding of nonfinal Article 21 and/or 26 income tax	V	V
1721 - VII	Proof of withholding of final Article 21 income tax	V	V
1721 - VIII	Proof of monthly withholding of Article 21 income tax for permanent employees or pensioners receiving money related to pensions periodically	-	V
1721 - A1	Proof of withholding of Article 21 income tax for permanent employees or pensioners receiving money related to pensions periodically	V	V
1721 - A2	Proof of withholding of Article 21 income tax for civil servants, members of the Indonesian national army, members of the Republic of Indonesia police, state officials, or retirees	V	-

The newly added Form 1721 - VIII is to accommodate permanent employees or pensioners who receive money related to pensions periodically that are subjected to monthly withholding of Article 21 income tax. This form should not be treated as a tax credit or tax prepayment and must be provided to the income recipients, no later than one month after the fiscal period ends.

PER-2 provides transitional rules related to the preparation, submission, and/or amendment of Form 1721, as follows:

- The preparation, submission, and/or amendment of Form 1721 for fiscal periods of up to December 2023 are to follow PER-14, whereas for January 2024 onwards are to follow PER-2;
- For the fiscal period of January 2024, the proof of withholding of Form 1721-VI, Form 1721-VII, and Form 1721-VIII must be provided to the income recipients by 31 March 2024.

PER-2 provides detailed procedures related to the preparation and reporting of Form 1721. Employers and tax withholders should review PER-2 thoroughly and take the necessary measures to ensure their compliance.

Customs Focus

New requirement for issuing technical considerations on import of iron or steel, alloy steel, and derivative products

Minister of Industry (MoI) Regulation Number 1 of 2024 (PMP-1) is recently issued to establish the procedures for submitting an application for technical considerations (*pertimbangan teknis*¹) by a company to the Ministry of Industry, in their relevance to the import approval (*Peretujuan Impor* (PI)) application through the Indonesia National Single Window (INSW) system. The application for technical considerations by companies is a requirement that was not stipulated previously under the superseded regulations, i.e., MoI Regulation Number 1 of 2019, as lastly amended by Regulation Number 4 of 2021.

Salient points of PMP-1

- PMP-1 sets out the procedures for issuing technical considerations and revisions to technical considerations on import of iron or steel, alloy steel, and derivative products for:
 - Industrial companies;
 - Industrial service companies;
 - Non-industrial companies owning an Import Identification Number – Production (*Angka Pengenal Impor – Produksi* (API-P));
 - Non-industrial companies owning an Import Identification Number – General (*Angka Pengenal Impor – Umum* (API-U)); and
 - Supply center of raw materials and/or iron or steel auxiliary materials, alloy steel, and derivative products (*Pusat Penyedia Bahan Baku dan/atau Bahan Penolong Besi atau Baja, Baja Paduan, dan Produk Turunannya* (PPBB)).
- Companies can only import iron or steel, alloy steel, and derivative products after obtaining a PI from the INSW system. In addition, the classification of the iron or steel, alloy steel, and derivative products must comply with the list of tariff posts/harmonized systems specified under PMP-1.
- Companies submit the application for issuance of technical considerations through the INSW system, which will be forwarded automatically by the INSW system to the national industry information system (*Sistem Informasi Industri Nasional* (SIINas)).

PMP-1 covers the procedures for issuing technical considerations, which will later be used to obtain import approval licenses for steel, iron products, and their derivatives.

¹ A technical consideration is a letter issued by the Ministry of Industry specifying goods allowed for import into Indonesia. It serves as a supporting document for submitting an application for a PI.

- The verification process for the conformity of data and documents will be carried out by the Ministry of Industry, either offline or online, within a maximum of five working days.
- Companies that have received technical considerations or revisions to technical considerations from the Ministry of Industry are required to submit import realization reports through the INSW system, pursuant to the laws and regulations.

PMP-1 has taken effect since 8 January 2024, but it was published and disseminated in February 2024. The INSW system has only recently been updated in February 2024 to enable companies to submit the technical consideration application.

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