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Indonesia

Effective tax rate to calculate employee income tax introduced

To simplify the calculation of Article 21 employee income tax, on 27 December 2023, the Indonesian government issued Regulation Number 58 of 2023 (PP-58) introducing the use of an effective tax rate (ETR) to calculate the income tax required to be withheld from employee’s remuneration for the fiscal period of January up to November. PP-58 comes into effect as from 1 January 2024.

The ETR has considered allowable deductions, such as occupational expenses, pension costs, employee contributions to an approved pension fund, and non-taxable income (*penghasilan tidak kena pajak* (PTKP)). The ETR comprises:

- Monthly ETR—applicable to employees receiving income on a monthly basis; and
- Daily ETR—applicable to non-permanent employees receiving income other than on a monthly basis (e.g., daily, weekly, individually, or in a lump sum).

The monthly ETR is divided into three categories based on the taxpayer’s PTKP status (i.e., marital status and number of dependents) at the beginning of a fiscal year, as presented in the table below:

| Category | PTKP status |
|----------|-------------|
|----------|-------------|

| | |
|---|---|
| A | <ul style="list-style-type: none"> • Single with no dependent • Single with one dependent • Married with no dependent |
| B | <ul style="list-style-type: none"> • Single with two dependents • Single with three dependents • Married with one dependent • Married with two dependents |
| C | Married with three dependents |

Notwithstanding the use of the ETR in calculating the monthly employee income tax, the employer is still required to calculate Article 21 employee income tax for the entire year (covering the fiscal period of January up to December) by using the progressive income tax rate(s) applicable to an individual taxpayer (as defined in Article 17(1)(a) of the Income Tax Law) in calculating the Article 21 withholding tax for the December period.

As the regulation applies as from 1 January 2024, employers would be advised to revisit the Article 21 employee income tax calculation formula in their payroll system to reflect these amendments and communicate the changes to their employees.

Use of national identification number as tax identification number postponed

On 12 December 2023, MoF issued Regulation Number 136 of 2023 (PMK-136) to ensure the complete preparation of the DGT's administration system and smooth integration of the use of the national identification number (*Nomor Induk Kependudukan* (NIK)) as the tax identification number (*Nomor Pokok Wajib Pajak*(NPWP)) as stipulated by MoF Regulation Number 112 of 2022 (PMK-112).

With the issuance of PMK-136, the use of the 16-digit NPWP, which was initially planned to start as from 1 January 2024, is postponed to 1 July 2024. Consequently, starting from 1 July 2024, the use of the NIK as the NPWP (for Indonesian individual taxpayers) and the 16-digit NPWP in place of the 15-digit NPWP (for non-Indonesian individual taxpayers, corporate taxpayers, and taxpayers that are government institutions) will be fully implemented.

Philippines

Increase in PhilHealth premium contribution effective 1 January 2024

Pursuant to Section 10 of Republic Act No. 11223, or the Universal Health Care Act of 2019, the **Philippine Health Insurance Corporation** (PhilHealth) shall implement the new premium rate of 5% of employees' monthly basic salary **effective January 2024** for all direct contributors. See the premium contribution schedule below:

| Year | Monthly basic salary | Rate | Monthly premium |
|-------------|-----------------------------|-------------|------------------------|
| 2024 | P10,000.00 and below | 5% | P500.00 |
| | P10,000.01 to P99,999.99 | | P500.00 to P5,000.00 |
| | P100,000.00 and above | | P5,200.00 |

In 2023, the increase of premium rate to 4.5% was suspended in compliance with the directive issued by the Office of the President of the Philippines. However, for year 2024, the Philippine Government did not issue a

suspension. Thus, the new premium contribution rate shall now be **5% of the monthly basic salary** with an income floor of P10,000 and income ceiling of P100,000.

You may visit the nearest Local Health Insurance Office (LHOI) or send a direct message to PhilHealth's official Facebook page for further inquiries.

Click [here](#) to access PhilHealth Circular No. 2020-0005 for the complete guidelines.

Implementation of maximum fund salary increase of Home Development Mutual Fund effective February 2024

On 15 January 2024, the **Home Development Mutual Fund** (Pag-IBIG Fund) [issued Circular No. 460](#) prescribing the implementation of increase in the maximum fund salary (MFS) **effective February 2024**. According to the circular, the increase shall be applicable to all Pag-IBIG members under mandatory and voluntary coverage.

The new contribution rate shall be as follows, unless otherwise specified:

| Fund salary | Contribution rate | |
|------------------|-------------------|----------|
| | Employee | Employer |
| P1,500 and below | 1.0% | 2.0% |
| Over P1,500 | 2.0% | 2.0% |

Furthermore, the MFS to be used in computing the employee and employer savings has been increased from P5,000 to P10,000, taking into consideration financial calculations and rates of benefits in accordance with Section 7 of Republic Act No. 9679.

Please be guided accordingly.

Social Security System accredited collecting agents for the period 1 November 2023 to 31 October 2024

On 29 December 2023, the SSS issued Circular No. 2023-15, providing the list of accredited collecting agents for the period 1 November 2023 to 31 October 2024. SSS remittances are accepted via the following payment platforms:

- BancNet, Inc.
- Over-the-counter
- Collecting agent's website
- Collecting agent's mobile applications
- SSS website and mobile application

Furthermore, banks and RTCs listed in the said circular have satisfied the requirements for the renewal of their accreditation and was approved as collecting agents of SSS under Resolution No. 582-s.2022 and 583-s.2022 dated August 31, 2022.

For the complete list of accredited collecting agents and for further guidance, you may click here: [SSS Circular No. 2023-15](#)



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