

# TAX UPDATES

Issue 08 | November 2025

## GOVERNMENT-BORNE ARTICLE 21 INCOME TAX INCENTIVE FOR EMPLOYEES IN CERTAIN SECTORS



In early 2025, the Government issued Minister of Finance Regulation Number 10 Year 2025 (MoF Regulation-10/2025) regarding the Government-borne Article 21 Income Tax Incentive as part of the economic stimulus for the 2025 Fiscal Year. The regulation stipulates several industrial sectors that are entitled to Government-borne Article 21 Income Tax incentive, namely the footwear, textile and apparel, furniture, and leather and leather goods industries. Subsequently, the Government expanded the scope of the Government-borne Article 21 Income Tax incentive by adding the tourism sector through the issuance of MoF Regulation No. 72 Year 2025 (MoF Regulation-72/2025), which came into effect on October 28, 2025.

### Criteria and Requirements

Government-borne Article 21 Income Tax is granted to all gross income in 2025 that was received or obtained by certain Employees from Employers under the following criteria:

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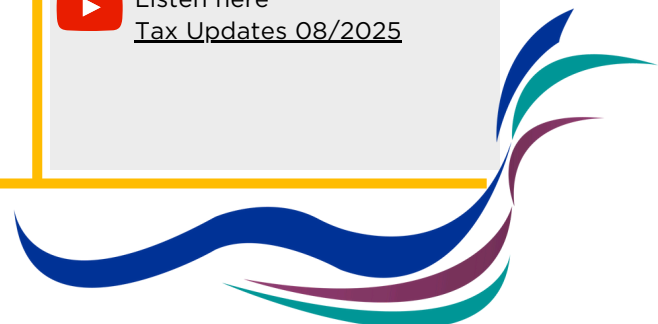
### RELATED TAX REGULATIONS\*:

- [Minister of Finance Regulation No. 72 Year 2025](#)
- [Minister of Finance Regulation No. 10 Year 2025.](#)

*\*All tax regulations are in Bahasa Indonesia*



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## GOVERNMENT-BORNE ARTICLE 21 INCOME TAX INCENTIVE FOR EMPLOYEES IN CERTAIN SECTORS

CONTINUED FROM PAGE 1

- a. engaging in business activities in the following industries:
  1. footwear;
  2. textiles and ready-made clothing;
  3. furniture;
  4. leather and leather goods; or
  5. tourism; and
- b. have a primary Business Field Classification (KLU) code in the DGT database listed in Appendix A of MoF Regulation-72/2025, which consists of 77 KLU codes for the tourism sector and 56 KLU codes for other industrial sectors.

The criteria for certain employees are divided based on their employment status, namely:

| Certain Permanent Employees  | Certain Non-Permanent Employees  |
|--|--|
| a. possess a Tax Identification Number and/or National ID Number administered by the Directorate General of Civil Registration and Population and have been integrated into the DGT administration system  |  |
| b. Receive or earn gross income that is fixed and regular, not exceeding IDR 10,000,000, during: <ol style="list-style-type: none"> <li>1. The January 2025 tax period, if they started working before January 2025; or</li> <li>2. The first month of employment, if they started working in 2025; and</li> </ol> | b. receive wages in the amount of: <ol style="list-style-type: none"> <li>1. an average of no more than IDR500,000 per day if wages are received or earned on a daily, weekly, piecework, or lump-sum basis; or</li> <li>2. not exceeding IDR 10,000,000 if wages are received or earned monthly; and</li> </ol> |
| c. do not receive other Government-borne Article 21 Income Tax incentives.   |  |

### Incentive Period

- a. The footwear, textile and apparel, furniture, leather, and leather goods industries are granted for the Tax Period from January 2025 to December 2025.
- b. The tourism sector is granted for the Tax Period from October 2025 to December 2025.

### Utilization and Reporting

Employers have the obligation to:

- pay the Government-borne Article 21 Income Tax in cash to employees (including if the Employer provides allowances or bears Article 21 income tax), and such payments are not considered taxable income;
- prepare Article 21 withholding tax slip; and
- report the utilization of Government-borne Article 21 Income Tax incentive through the submission of the Monthly Article 21/26 Income Tax Return for the January to December 2025 Tax Period, by no later than January 31, 2026.

*read more...*



**GOVERNMENT-BORNE ARTICLE 21 INCOME TAX INCENTIVE  
FOR EMPLOYEES IN CERTAIN SECTORS**

CONTINUED FROM PAGE 2

If the submission of the Article 21/26 Income Tax Return is made after the deadline, in that case, the Government-borne Article 21 Income Tax incentive for the January 2025 to December 2025 Tax Period will not be granted, and the Employer is required to pay the Article 21 Income Tax payable.

**Treatment of Overpayment of Article 21 Income Tax**

If the Article 21 Income Tax incentive for Permanent Employees that has been withheld and granted in the relevant calendar year exceeds the tax payable amount for one Tax Year, then:

- a. For Permanent Employees outside the Tourism Sector, the excess Government-borne Article 21 Income Tax is not refunded to the Employee;
- b. For Permanent Employees in the Tourism Sector, the excess Article 21 Income Tax may be refunded by the Employer only to the extent of the excess withholding tax that is not borne by the government.

Furthermore, if an Employer utilizing the Government-borne Article 21 Income Tax incentive submits a Monthly Article 21/26 Income Tax Return stating an overpayment, then:

- a. For Employers outside the Tourism Sector, the overpayment of Government-borne Article 21 Income Tax cannot be refunded or compensated;
- b. For Employers in the Tourism Sector, the overpayment originating from Article 21 Income Tax that is not borne by the government can be compensated against the subsequent tax period in the amount of the excess payment not borne by the government, provided that the Employer must:
  - submit the calculation worksheet in accordance with Appendix C of MoF Regulation-72/2025 to the DGT; and
  - create additional withholding tax slip for the portion borne by the government and report it in the Article 21/26 Income Tax Return.

(RED/T3/ALC)

**NEW TAX REGULATIONS**  
ISSUED ON OCTOBER 2025

**1**

**The Minister of Finance Regulation Number 72 Year 2025  
dated October 20, 2025**

Amendment to Regulation of the Minister of Finance Number 10 Year 2025 concerning Income Tax Article 21 on Certain Income Borne by the Government in the context of Economic Stimulus for Fiscal Year 2025

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**NEW TAX REGULATIONS ISSUED ON OCTOBER 2025**

CONTINUED FROM PAGE 3

**2**

**The Minister of Finance Decision Number 8/MK/EF/2025 dated October 30, 2025**

Interest Rates as the Basis for Calculation of Administrative Sanctions in the form of Interest and Granting of Interest Compensation for the Period of November 1, 2025 to November 30, 2025

**3**

**The Director General of Taxation Regulation Number PER-19/PJ/2025 dated October 22, 2025**

Deactivation of Access to Tax Invoice Issuance for Taxable Entrepreneurs Who Fail to Fulfill Their Obligations in Accordance with the Provisions of Tax Laws and Regulations

(RED/T3/ALC)

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The information contained in this document is intended only to be a guide. It must not be relied on in, or applied to, specific situation without previously seeking proper professional advice.

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