

TAX UPDATES

Issue 01 | January 2026

STATUS DETERMINATION OF TAX SUBJECT IN INDONESIA

The Government has issued a new regulation concerning the determination of Domestic Tax Subject and Foreign Tax Subject status through the Regulation of the Director General of Taxes No. PER-23/PJ/2025 (PER-23/2025), which has been effective as of December 9, 2025. The issuance of PER-23/2025 is aimed at aligning the previous regulations, which were no longer consistent with the provisions of the Income Tax Law and its implementing regulations.

Definition of Tax Subject

Parties categorized as tax subjects include:

- a. 1. individuals; and
2. undivided inheritance as a unit acting as substitute for the entitled heirs;
- b. entities; and
- c. permanent establishments (PE)

Tax subjects are classified into Domestic Tax Subject and Foreign Tax Subject.

read more...

RELATED TAX REGULATIONS*:

- [Regulation of the Director General of Taxes No. PER-23/PJ/2025](#)

**All tax regulations are in Bahasa Indonesia*



Listen here
Tax Updates 01/2026



STATUS DETERMINATION OF TAX SUBJECT IN INDONESIA

CONTINUED FROM PAGE 1

Scope of Domestic Tax Subject

Parties categorized as Domestic Tax Subjects include:

- a. **individuals**, both Indonesian citizens (**WNI**) and foreign nationals (**WNA**) who:
 - 1. **reside in Indonesia**;
 - 2. **are present in Indonesia for more than 183 days within a 12-month period**; or
 - 3. **are present in Indonesia or intend to reside in Indonesia within one fiscal year**;
- b. **entities established or domiciled in Indonesia**, excluding certain units of government agencies that meet specific criteria; and
- c. undivided inheritance as a unit acting as substitute for the entitled heirs.

A. Domestic Individual Tax Subject

Based on the explanation above, Domestic Individual Tax Subject is divided into three categories. The first category comprises of individuals, whether WNI or WNA, who reside in Indonesia, and:

- a. reside at a location in Indonesia that:
 - 1. is under their control or may be used by them at any time;
 - 2. is owned, leased, or available for use by the individual; and
 - 3. does not constitute a place of temporary stay for the individual;
- b. have a center of main activities in Indonesia indicating personal, social, economic, and/or financial activities or affairs in Indonesia; or
- c. carry out habitual daily activities in Indonesia, including hobbies.

The second category relates to the period during which an individual is present in Indonesia. The period of 183 days is determined by calculating the total number of days an individual tax subject is present in Indonesia within a 12-month period, whether continuously or intermittently, with any part of a day counted as one full day. **Arrival and departure day to and from Indonesia is considered as days in Indonesia.**

The third category concerns individuals who are deemed to have the intention to reside in Indonesia, which may be evidenced by the following documents:

- a. a Permanent Stay Permit Card (*Kartu Izin Tinggal Tetap - KITAP*);
- b. a Limited Stay Visa (*Visa Tinggal Terbatas - VITAS*)/ Limited Stay Permit (*Izin Tinggal Terbatas - ITAS*) with a validity period exceeding 183 days;
- c. a contract or agreement of employment, business, or other activities in Indonesia for a period exceeding 183 days; or
- d. other documents demonstrating an intention to reside in Indonesia, such as a residential lease agreement for a period exceeding 183 days or documents evidencing the relocation of family members.

read more...



STATUS DETERMINATION OF TAX SUBJECT IN INDONESIA

CONTINUED FROM PAGE 2

Furthermore, PER-23/2025 emphasizes that individuals falling under the second and third categories are individuals who are present or physically located within the territory of the Republic of Indonesia at a given time based on the actual circumstances.

B. Domestic Entity Tax Subject

The criteria to determine an Entity as a Domestic Tax Subject are divided into only two categories. The first category is an Entity established in Indonesia, excluding a PE, namely an entity which establishment or formation is carried out pursuant to the laws and regulations of Indonesia, registered in Indonesia in accordance with Indonesian laws and regulations, or established within the jurisdiction of Indonesia.

The next category is **an entity domiciled in Indonesia, namely an entity that:**

- a. is domiciled in Indonesia as stated on the Deed of Establishment;
- b. has its head office, place of central administration, and/or place of central financial management domiciled in Indonesia; or
- c. **has a place of central management or control in Indonesia, where policies and/or strategic decisions on the entity’s investments and/or operational activities are made in Indonesia.**

The provisions of PER-23/2025 provide further clarification on policies and/or strategic decisions that were not regulated under the previous regulations, which include:

- 1. **the determination of transfers of shares and/or assets serving as substitutes for shares or capital participation;**
- 2. **the determination of the transfer and/or utilization of strategic assets;**
- 3. **the appointment or dismissal of officers, employees, or agents with authority to carry out operational activities; or;**
- 4. **the supervision and control over dividend distributions.**

The domicile of an Entity is determined based on the actual facts and circumstances and such Entity shall be treated as a Domestic Tax Subject from the time the Entity is established or becomes domiciled in Indonesia.

Scope of Foreign Tax Subject

Parties categorized as Foreign Tax Subjects include:

- a. individuals who do not reside in Indonesia;
- b. WNA who are present in Indonesia for no more than 183 days within a 12-month period;
- c. WNI who are present outside Indonesia for more than 183 days within a 12-month period and meet the following requirements:

read more...



STATUS DETERMINATION OF TAX SUBJECT IN INDONESIA

CONTINUED FROM PAGE 3

1. permanently reside at a place outside Indonesia that does not constitute a place of temporary stay;
2. have a center of main activities indicating personal, economic, and/or social ties outside Indonesia, as evidenced by:
 - a) a spouse, children, and/or immediate family members (by blood or by marriage in the direct line and/or collateral line up to the first degree) residing outside Indonesia;
 - b) sources of income derived from outside Indonesia; and/or
 - c) membership in religious, educational, social, and/or community organizations recognized by the government of the relevant country;
3. have a habitual abode or place where daily activities are carried out outside Indonesia;
4. be treated as a domestic tax subject in another country or jurisdiction; and/or
5. meet certain other specific requirements; and
- d. entities that are neither established nor domiciled in Indonesia, which conduct business or carry out activities through a PE in Indonesia, or which receive or derive income from Indonesia other than through conducting business or carrying out activities through a PE in Indonesia.

Other Provisions

One of the requirements for a WNI to be classified as a Foreign Tax Subject is that such individual is treated as a Domestic Tax Subject in another country/jurisdiction. A WNI is deemed to be a Domestic Tax Subject in another country/jurisdiction if evidenced by a Certificate of Domicile (COD) or other documents indicating tax subject status issued by the tax authority of the relevant country/jurisdiction. In the event that the CoD does not specify a validity period, the date of issuance or the date of signature of the CoD shall be deemed as the applicable validity period.

(RED/T3/PCA)

read more...



NEW TAX REGULATIONS

ISSUED ON DECEMBER 2025 TO JANUARY 2026

CONTINUED FROM PAGE 4

- 1** **The Minister of Finance Regulation Number 90 Year 2025 dated December 18, 2025**
 VAT on the Delivery of Landed Houses and Apartments Borne by the Government for Fiscal Year 2026
- 2** **The Minister of Finance Regulation Number 105 Year 2025 dated December 29, 2025**
 Article 21 Income Tax on Certain Income Borne by the Government as an Economic Stimulus for Fiscal Year 2026
- 3** **The Minister of Finance Regulation Number 108 Year 2025 dated December 29, 2025**
 Technical Guidelines Regarding Access to Financial Information for Taxation Purposes
- 4** **The Minister of Finance Regulation Number 111 Year 2025 dated December 30, 2025**
 Monitoring of Taxpayer Compliance
- 5** **The Minister of Finance Regulation Number 112 Year 2025 dated December 30, 2025**
 Procedure for the Implementation of Tax Treaty
- 6** **The Minister of Finance Regulation Number 114 Year 2025 dated December 30, 2025**
 Income Tax Treatment of Donations including Zakat or Mandatory Religious Contributions, and Grant Assets
- 7** **The Minister of Finance Decision Number 10/MK/EF/2025 dated December 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 January 1, 2026 to January 31, 2026

read more...



NEW TAX REGULATIONS ISSUED ON DECEMBER 2025 TO JANUARY 2026

CONTINUED FROM PAGE 5

8

The Director General of Taxation Regulation Number PER-26/PJ/2025 dated December 31, 2025

Procedures for the Seizure and Sale of Securities in the Form of Shares Traded on the Capital Market for the Purpose of Tax Collection

9

The Director General of Taxation Circular Letter Number SE-18/PJ/2025 dated December 29, 2025

Guidelines for the Implementation of Mutual Agreement Procedures

10

The Director General of Taxation Announcement Number PENG-54/PJ.09/2025 dated December 29, 2025

Deadline for Coretax Account Activation and Creation of Authorization Codes/Electronic Certificates

(RED/T3/PCA)

PB TAXAND CONTACTS :

<https://www.pbtaxand.com/menu/page/partner>

DISCLAIMER

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.

JAKARTA

Menara Imperium, 27th Fl.
Jl. HR Rasuna Said Kav. 1, 12980
Ph. +62 21 8356363 | Fx. +62 21 83793939
contact@pbtaxand.com

SURABAYA

Graha Bukopin, 9th Fl.
Jl. Panglima Sudirman 10-18, 60271
Ph. +62 31 5319598 | Fx. +62 31 5319599
surabaya@pbtaxand.com

SOCIAL MEDIA

Scan barcode
to connect

