

TAX UPDATES

Issue 03 | April 2026

RECENT CHANGES TO INCOME TAX TREATMENTS ON AID, DONATIONS, AND GRANTS

Effective December 31, 2025, the Government issued an amendment to tax regulations concerning Aid, Donations, or Grants through Minister of Finance (MoF) Regulation No. 114 Year 2025 (MoF Regulation-114/2025). This regulation replaces four previous MoF Regulations that separately governed the tax treatment of Aid, Donations, or Grants, namely MoF Regulation No. 245/PMK.03/2008, 254/PMK.03/2010, 76/PMK.03/2011, and 90/PMK.03/2020.

For the Donor/Grantor

A. Deductible from Gross Income


Aid, donations, or grants are generally non-deductible from gross income in determining the amount of Taxable Income for the donor/grantor, except for:

RELATED TAX REGULATIONS*:

- [Ministry of Finance Regulation No. 114 of 2025;](#)
- [Ministry of Finance Regulation No. 245/PMK.03/2008;](#)
- [Ministry of Finance Regulation No. 254/PMK.03/2010;](#)
- [Ministry of Finance Regulation No. 76/PMK.03/2011;](#)
- [Ministry of Finance Regulation No. 90/PMK.03/2020;](#) and
- [Ministry of Finance Regulation No. PER-4/PJ/2026](#)

**All tax regulations are in Bahasa Indonesia*

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1. Donations for national disaster relief, research and development (R&D), educational facilities, sports development, and social infrastructure development costs.

The following requirements must be met for such donations and/or costs **to be deductible** from the donor's gross income:

- a. the Taxpayer has fiscal net income based on the Annual Income Tax Return for the preceding Tax Year;
- b. the donations and/or costs do not result in a fiscal loss in the Tax Year in which they are made (if they result in a fiscal loss, the deductible amount is limited to the portion that does not create a fiscal loss in the relevant Tax Year);
- c. supported by valid documentation; and
- d. the institution receiving the donations and/or costs has a Tax Identification Number (NPWP), except for entities excluded as tax subjects.

The total amount of donations and/or costs that may be deducted in one year is limited to **a maximum of 5%** of the fiscal net income of the preceding Tax Year.

2. Zakat paid to Amil Zakat Board or Amil Zakat Institution established or authorized by the government, or compulsory religious contributions for adherents of religions other than Islam recognized in Indonesia, paid to religious institutions established or authorized by the government.

Government-established or government-authorized bodies or institutions designated as beneficiaries of zakat or compulsory religious contributions that are deductible from gross income are currently regulated under Director General of Taxes Regulation No. PER-4/PJ/2026.

The following requirements must be met for such zakat and/or compulsory religious contributions **to be deductible** from the donor's gross income:

- a. the zakat and/or compulsory religious contributions do not result in a fiscal loss in the Tax Year in which they are made (if they result in a fiscal loss, the deductible amount is limited to the portion that does not create a fiscal loss in the relevant Tax Year);
- b. supported by valid documentation; and
- c. received by Amil Zakat Board, Amil Zakat Institution, or religious institution that has a Tax Identification Number.

The amount of deductible zakat or compulsory religious contributions shall be limited to not exceed the amount of obligation in accordance with the provisions of the respective religions.

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B. Income Tax Treatment

Gains arising from the transfer of assets in the form of aid, donations, or grants constitute as Income Tax objects for the donor/grantor. Such gains are calculated based on the difference between the market value and:

- the fiscal net book value (for donors/grantors required to maintain accounting records); or
- the acquisition cost (for donors/grantors not required to maintain accounting records).

However, gains arising from the transfer of assets **may be excluded** as Income Tax objects, provided that:

- a. the aid, donations, or grants are given to:
 1. family members related by blood in the direct line of descent within one degree;
 2. religious institutions;
 3. educational institutions;
 4. social institutions, including foundations;
 5. cooperatives; or
 6. individuals conducting micro and small business; and
- b. there is no relationship involving business, employment, ownership, or control between the relevant parties.

In the event that there is a relationship of ownership or control, the gains from the transfer of assets may still be excluded as Income Tax objects, provided that both the donor/grantor and the beneficiary are religious, educational, or social institutions (including foundations).

For the Beneficiary

A. Income Tax Treatment

Aid, donations, or grants that are **excluded as Income Tax objects** for the beneficiary are as follows:

1. Aid or donations, including:
 - a. donations for national disaster relief, research and development (R&D), educational facilities, sports development, and/or social infrastructure development costs;
 - b. zakat, infaq, and sadaqah received by Amil Zakat Board or Amil Zakat Institution established or authorized by the government, and those received by eligible zakat beneficiaries; or
 - c. compulsory religious contributions for adherents of religions recognized in Indonesia received by religious institutions established or authorized by the government, and those received by eligible beneficiaries of religious contributions.

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2. Grants received by:
 - a. family members related by blood in the direct line of descent within one degree;
 - b. religious institutions;
 - c. educational institutions;
 - d. social institutions, including foundations;
 - e. cooperatives; or
 - f. individuals conducting micro and small business,

Such income are excluded as Income Tax object for the beneficiaries provided that there is no relationship involving business, employment, ownership, or control between the relevant parties.

However, MoF Regulation-114/2025 also provides that such income may still be excluded from Income Tax in the following circumstances:

- where there is a relationship of ownership or control, provided that the beneficiary of the aid, donations, or grants is a religious, educational, or social institution (including foundations);
- where there is a relationship of employment, provided that the recipient of zakat or compulsory religious contributions is a Amil Zakat Board, Amil Zakat Institution, or another beneficiary institution established or authorized by the government.

B. Provisions on Acquisition Value

The acquisition value of aid, donations, or grants is determined based on the form, as follows:

1. If in the form of **cash**, the acquisition value is equal to the nominal amount received;
2. If in the form of **goods**, the value is determined based on the donor/grantor's accounting obligation, i.e. the fiscal net book value according to the donor/grantor's accounting records (for donors/grantors required to maintain accounting records), or the acquisition cost incurred by the donor/grantor (for donors/grantors not required to maintain accounting records).

MoF Regulation-114/2025 introduces **provisions that differ from the previous regulations** which stipulated that the acquisition value of assets in the form of goods would be recognized using an alternative value in the event that the donor/grantor was not required to maintain accounting records, namely based on the fair market value of assets at the time of transfer.

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Furthermore, MoF Regulation -114/2025 also stipulates that depreciation or amortization costs on assets in the form of goods received from aid, donations, or grants are not deductible from gross income. This differs from the previous regulation, which allowed the acquisition value of such assets to be deducted through depreciation or amortization, provided that the assets were used to earn, collect, and maintain income.

C. Obligation to Issue Receipt and Submit Reports

Institutions or organizations receiving:

- donations for national disaster relief, research and development (R&D), educational facilities, sports development, and social infrastructure development; or
- zakat or compulsory religious contributions,

are required to issue a receipt of donation (as valid supporting evidence) and submit a donation receipt report to the Directorate General of Taxes (DGT) on a quarterly basis (for institutions receiving national disaster relief donations) or annually (for other institutions), in accordance with the format stipulated under MoF Regulation -114/2025.

(RED/T3/PCA)

NEW TAX REGULATIONS
ISSUED ON MARCH 2026**The Minister of Finance Decision Number 14/MK/EF.2/2026 dated March 31, 2026**

Interest Rates as the Basis for Calculation of Administrative Sanctions in the Form of Interest and Granting of Interest Compensation for the Period of April 1, 2026 to April 30, 2026

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NEW TAX REGULATIONS ISSUED ON MARCH 2026

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The Director General of Taxation Regulation Number PER - 3/PJ/2026 dated March 16, 2026

Procedures for Filing, Receipt, and Processing of Tax Return

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The Director General of Taxation Regulation Number PER - 4/PJ/2026 dated March 30, 2026

Government-Established or Government-Approved Bodies or Institutions Designated as Recipients of Zakat or Mandatory Religious Contributions Deductible from Gross Income

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The Director General of Taxation Decision Number KEP - 55/PJ/2026 dated March 27, 2026

Taxation Policies Related to the Implementation of the Coretax Administration System for the Filing of Individual Income Tax Returns for Fiscal Year 2025

(RED/T3/PCA)

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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.

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

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