

Advanced Taxation
Lecture 5
Personal Income Tax (3) – PPh 22
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- In Article 22 of the Income Tax Law, it is stipulated that the Minister of Finance may appoint government treasurers to collect taxes related to payments for the delivery of goods, and certain bodies to collect taxes from Taxpayers engaged in import activities or other business activities.
- Provisions regarding the basis of collection, nature and amount of levies, deposit procedures, and tax reporting procedures are determined by the Minister of Finance.
- The collection of taxes based on Article 22 of the Income Tax Law is intended to ensure the availability of food and stabilize food prices, maintain the availability of raw materials for domestic refineries, facilitate the export of minerals and coal, and harmonize the provisions of the income tax collection tariff under Article 22 on consignments with the customs duty rates for consignments, it is necessary to replace the provisions regarding the designation of certain bodies as collectors of income tax Article 22.
- Income tax 22 is a form of deduction or collection of taxes carried out by one party against taxpayers and related to the trading of goods.
- Given the significant variety in objects, collectors, and even rates, the provisions of income tax 22 are relatively more complex compared to other income taxes, such as income tax 21 or income tax 23.
- Generally, income tax 22 is levied on trade in goods considered "profitable," so both sellers and buyers can benefit from such trade.
- Therefore, income tax 22 can be levied both on sales and purchases.
- According to Article 22 paragraph 1 of this Income Tax Law, the Minister of Finance is empowered to designate:
 1. Government treasurers to collect taxes related to payments for the delivery of goods.
 2. Certain entities to collect taxes from Taxpayers engaged in import activities or other business activities.
 3. Specific Corporate Taxpayers to collect taxes from buyers on the sale of goods classified as highly luxurious.
- The treasurers and bodies collecting taxes on purchases are:
 1. Foreign exchange banks and the Directorate General of Customs and Excise (DGCE) for income tax 22 on imported goods;
 2. Government Treasurers and Budget Users (KPA) as tax collectors for the Central Government, Local Governments, Government Agencies or Institutions, and other state institutions, regarding payments for the purchase of goods;
 3. Disbursing Treasurers regarding payments for the purchase of goods made through the petty cash mechanism (UP);

4. Budget Users (KPA) or officials issuing Payment Orders delegated by Budget Users (KPA), regarding payments for the purchase of goods from third parties made through the direct payment mechanism (LS);
 5. State-Owned Enterprises (SOEs), namely business entities whose entire or majority capital is owned by the state through direct participation derived from separated state assets, including:
 - PT Pertamina (Persero), PT Perusahaan Listrik Negara (Persero), PT Perusahaan Gas Negara (Persero) Tbk., PT Telekomunikasi Indonesia (Persero) Tbk., PT Garuda Indonesia (Persero) Tbk., PT Pembangunan Perumahan (Persero) Tbk., PT Wijaya Karya (Persero) Tbk., PT Adhi Karya (Persero) Tbk., PT Hutama Karya (Persero), PT Krakatau Steel (Persero);
 - State-Owned Banks, regarding payments for the purchase of goods and/or materials for their business activities.
 6. Industries and exporters operating in the forestry, plantation, agriculture, animal husbandry, and fisheries sectors, for the purchase of materials from collecting traders for their industrial or export purposes.
 7. Industries or business entities purchasing coal, metallic minerals, and non-metallic minerals from entities or individuals holding mining business permits.
- Private corporate taxpayers required to collect income tax 22 on sales are:
 1. Companies operating in the cement industry, paper industry, steel industry, automotive industry, and pharmaceutical industry, for the sale of their products to distributors domestically;
 2. Sole Agents of Brand Holders (ATPM), Brand Holders (APM), and general importers of motor vehicles, for the sale of motor vehicles domestically;
 3. Producers or importers of oil, gas, and lubricants, for the sale of oil, gas, and lubricants;
 4. Companies operating in the upstream steel industry, including integrated upstream industries and intermediate industries.
 5. Collecting traders, either entities or individuals, whose business activities involve:
 - collecting forestry, plantation, agriculture, animal husbandry, and fisheries products; and
 - selling these products to industrial businesses and exporters operating in the forestry, plantation, agriculture, animal husbandry, and fisheries sectors.
 6. In accordance with Minister of Finance Regulation No. 90/PMK.03/2015, the government added income tax 22 collectors with corporate taxpayers selling luxury goods.
 - The amount of income tax 22 levies is determined as follows:
 1. On imports:
 - a. Certain goods as listed in Annex 1 to Regulation No. 34/PMK.010/2017 and certain consignments subject to customs duties with a single charging rate as per customs legislation, at 10% of the import value with or without using the Import Identification Number (API);

- b. Other specified goods as listed in Annex 2 to Regulation No. 34/PMK.010/2017, at 7.5% of the import value with or without using the Import Identification Number (API);
 - c. Goods such as soybeans, wheat, and wheat flour as listed in Annex 3 to Regulation No. 34/PMK.010/2017, at 0.5% of the import value using the Import Identification Number (API);
 - d. Other goods not mentioned in a, b, and c using the Import Identification Number (API) = 2.5% x import value;
 - e. Goods as mentioned in c and d without using the Import Identification Number (API) = 7.5% x import value;
 - f. Uncontrolled goods = 7.5% x auction sale price.
2. On purchases made by DJPB, Government Treasurers, SOEs, at 1.5% x purchase price (excluding VAT and non-final).
 3. On sales of oil, gas, and lubricants by oil, gas, and lubricant producers or importers as follows:
 - a. Oil at:
 - i. 0.25% of sales excluding value-added tax for sales to gas station retailers purchasing oil bought from Pertamina (Indonesian state-owned oil and gas corporation) or its subsidiaries.
 - ii. 0.3% of sales excluding value-added tax for sales to gas station retailers selling oil bought from sources other than Pertamina or its subsidiaries.
 - iii. 0.3% of sales excluding value-added tax for sales to parties not covered in the previous points.
 - b. Gas at 0.3% of sales excluding value-added tax;
 - c. Lubricants at 0.3% of sales excluding value-added tax.
 4. On sales of products to domestic distributors by companies operating in the cement, paper, steel, automotive, and pharmaceutical industries:
 - a. Sale of paper = 0.1% x Value Added Tax Base (Non-final)
 - b. Sale of all types of cement = 0.25% x Value Added Tax Base (Non-final)
 - c. Sale of steel = 0.3% x Value Added Tax Base (Non-final)
 - d. Sale of all types of drugs = 0.3% x Value Added Tax Base (VAT Base)
 5. On sales of motor vehicles domestically by sole brand holders, brand holders, and general importers of motor vehicles, excluding heavy equipment = 0.45% x Value Added Tax Base (Non-final).
 6. On purchases of raw materials such as forestry, plantation, agriculture, animal husbandry, and fisheries products not yet manufactured by industrial enterprises or exporters = 0.25% x purchase price (excluding VAT).
 7. On purchases of coal, metallic minerals, and non-metallic minerals at 1.5% x purchase price (excluding VAT).
 8. On sales of gold bars by businesses at 0.45% x purchase price (excluding VAT).
 9. Income tax 22 rate of 1% on luxury goods sales (excluding VAT and luxury goods sales tax) for:
 - a. Houses with land, sold or transferred for more than 30 billion Rupiah or with a building area over 400 square meters;

- b. Apartments, condominiums, and the like, sold or transferred for more than 30 billion Rupiah or with a building area over 150 square meters.
10. Income tax 22 rate of 5% on luxury goods sales (excluding VAT and luxury goods sales tax) for:
- a. Private airplanes and helicopters;
 - b. Cruise ships, yachts, and the like;
 - c. Four-wheeled motor vehicles carrying fewer than 10 passengers such as sedans, jeeps, SUVs, MPVs, minibusses, and the like, sold for more than 2 billion Rupiah or with a cylinder capacity exceeding 3000 cc;
 - d. Two and three-wheeled motor vehicles sold for more than 300 million Rupiah or with a cylinder capacity exceeding 250cc.
- Regarding the Import Identification Number (API), it is an identifier that importers must have when importing goods, serving as one of the instruments used by the Government in organizing foreign trade policies in the import field.
 - The import value is the monetary value serving as the basis for calculating import duties, namely the Cost, Insurance, and Freight (CIF) value plus customs duties and other levies imposed according to customs regulations in the import field.
 - The amount of levy rates as mentioned above applied to Taxpayers who do not have a Taxpayer Identification Number is higher by 100% than the rates applied to Taxpayers who can show a Taxpayer Identification Number. This provision applies to non-final income tax 22 collection.
 - Exempt from income tax collection:
 - a. Importation of goods that, based on regulations, are not subject to income tax;
 - b. Imported goods exempted from customs duties and/or Value Added Tax:
 1. Goods for foreign state representatives and their officials serving in Indonesia based on the principle of reciprocity;
 2. Goods for the use of international organizations and their officials serving in Indonesia and not holding Indonesian passports, recognized and listed in the finance minister's regulation on the procedures for granting exemption from customs duties and taxes on imported goods for the use of international organizations and their officials serving in Indonesia;
 3. Gift shipments for the purposes of public worship, charity, social, cultural, or disaster relief;
 4. Goods for the purposes of museums, zoos, nature conservation, and similar places open to the public;
 5. Goods for research and scientific development purposes;
 6. Goods for the special needs of blind and other disabled persons;
 7. Coffins or other packaging containing corpses or ashes;
 8. Relocated goods;
 9. Passengers' personal goods, transport crew, border crossers, and shipments up to certain limits as stipulated in customs regulations;

10. Goods imported by the Central Government or Local Governments for public interests;
 11. Weapons, ammunition, and military equipment, including spare parts for defense and national security purposes;
 12. Goods and materials used to produce goods for defense and national security purposes;
 13. Polio vaccines for the implementation of the National Immunization Week (PIN) program;
 14. General textbooks, religious scriptures, and religious textbooks;
 15. Ships, river transport vessels, lake transport vessels, ferryboats, pilot boats, tugboats, fishing vessels, barges, and spare parts and safety equipment for maritime transport or human safety equipment imported and used by National Commercial Shipping Companies or national fishing companies;
 16. Aircraft and aircraft spare parts and safety or human safety equipment, equipment for maintenance or repair imported and used by National Commercial Aviation Companies;
 17. Railways and railway spare parts and equipment for maintenance or repair and infrastructure imported and used by PT Kereta Api Indonesia;
 18. Equipment used for data boundary provision and aerial photography of Indonesian territory carried out by the Indonesian National Armed Forces; and/or
 19. Goods for upstream Oil and Gas activities whose importation is conducted by Production Sharing Contractors.
- c. Temporary import, if at the time of importing it is clearly intended for re-export;
 - d. Re-importation, which includes goods that have been exported and then re-imported in the same condition or goods that have been exported for repair, processing, and testing purposes, and have met the requirements specified by the Directorate General of Customs and Excise;
 - e. Payments made by tax collectors as referred to in Article 1 subparagraphs b, c, and d, concerning:
 1. Payments amounting to a maximum of Rp 2,000,000.00 (two million Indonesian Rupiah) and not fragmented payments.
 2. Payments for the purchase of fuel oil, electricity, gas, lubricants, drinking water/PDAM, and postal items.
 - f. Payments for the purchase of paddy and/or rice by the State-Owned Enterprise for Logistics Affairs (BULOG);
 - g. Gold bars to be processed to produce gold jewelry for export purposes;
 - h. Payments for the purchase of goods related to the use of School Operational Assistance (BOS) funds.
- When income tax 22 is due:
 1. Income tax 22 on imported goods is due and paid simultaneously with customs duties payment;

2. In case of delayed or exempted customs duties payment, income tax 22 is due and paid upon completion of the import goods declaration documents;
 3. Income tax 22 on exports of coal, metallic minerals, and non-metallic minerals is due and paid upon completion of the customs export declaration documents;
 4. Income tax 22 on purchases of goods and/or raw materials for business activities is due and collected upon payment;
 5. Income tax 22 on sales of industrial products such as cement, paper, steel, and automotive industry is due and collected upon sale;
 6. Income tax 22 on sales of oil, gas, and lubricants is due and collected upon issuance of the delivery order;
 7. Income tax 22 on purchases of staple foodstuffs and purchases of coal, metallic minerals, and non-metallic minerals is due and collected upon purchase.
 8. Tax Collectors are required to deposit Income Tax Article 22 collected no later than the 15th day of the following month after the end of the Tax Period, using a Tax Payment Letter to the Collection Bank or Post Office and Giro.
- Tax Collectors are required to deposit Income Tax Article 22 collected no later than the 15th day of the following month after the end of the Tax Period, using a Tax Payment Letter to the Collection Bank or Post Office and Giro.
 - The party subject to Income Tax Article 22 collection will receive proof of collection and may credit it on the annual tax return (SPT Tahunan).
 - It should be noted that sales of fuel and gas to agents or distributors are subject to final Income Tax Article 22.
 - This implies that taxpayers engaged in certain businesses involving the sale of fuel and gas to such agents or distributors are only required to report on the Annual Tax Return accompanied by proof of deduction.
 - Furthermore, in accordance with the provisions of Article 6 of Directorate General of Taxes Regulation PER-3/PJ/2015, the general procedures for tax deposit (including Article 22 income tax by government treasurers/state-owned enterprises) are as follows:
 1. Income Tax Article 22 deposits made by exporters of coal, metal minerals, and non-metallic minerals commodities are done using Tax Payment Forms (SSP) with the information column 'Payment Description' filled in with 'Number of Goods Export Notification Submission.'
 2. The formal examination of tax deposit evidence by exporters is conducted by the Directorate General of Customs and Excise (DJBC) as a supplementary document to the export customs notification and serves as the basis for export services.
 3. The tax deposit evidence used as a supplementary document to the export customs notification is the SSP containing the State Receipt Transaction Number (NTPN). Exporters are required to fill out the Additional Export Notification Sheet (LLPEB).

- However, since all tax administration activities can now be conducted online, there is no need to create physical tax collection documents in triplicate anymore, as the Directorate General of Taxes and Customs has been integrated into a single system.
- Tax Collectors are required to submit reports on Income Tax Article 22 collected and deposited each month to the Tax Service Office at the place of domicile of the Tax Collector, no later than 20 days after the end of the Tax Period, using a Notice of Income Tax Period 22.
- Company Gosend imports goods from the US with an invoice price of US\$400,000. The imported goods are of a type not included in the specified categories. Insurance costs paid abroad amount to 2.5% of the invoice price, and freight costs amount to 4% of the invoice price. Import duty (BM) is 9%, and Additional Import Duty is 5%. The tax exchange rate at that time is Rp14,750 per US dollar. What is the Income Tax Article 22 collected by customs?

Cost = US\$400,000

Insurance = $(2.5\% \times \text{US\$}400,000) = \text{US\$}10,000$

Freight = $(4\% \times \text{US\$}400,000) = \text{US\$}16,000$

Cost, Insurance, Freight (CIF) = US\$426,000

CIF in Rupiah = $(\text{US\$}426,000 \times \text{Rp}14,750) = \text{Rp}6,283,500,000$

Import Duty = $9\% \times \text{Rp}6,238,500,000 = \text{Rp}565,515,000$

Additional Import Duty = $5\% \times \text{Rp}6,238,500,000 = \text{Rp}311,925,000$

Import Value = Rp7,160,940,000

If the Company has an Importer Identification Number:

= $2.5\% \times \text{Import Value}$

= $2.5\% \times \text{Rp}7,160,940,000$

= Rp179,023,500

If the Company does not have an Importer Identification Number:

= $7.5\% \times \text{Import Value}$

= $7.5\% \times \text{Rp}7,160,940,000$

= Rp537,070,500

Reference:

- Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Taxation Procedures
- Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax
- Director General of Taxation Regulation PER-32/PJ/2015
- Directorate General of Tax Regulation PER-16/PJ/2016