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## Tax Alert

News from EY Indonesia Tax Services

# Determination of Resident Taxpayers and Non-Resident Taxpayers

The Director General of Taxation (DGT) issued Regulation No PER-23/PJ/2025 (PER-23) on the determination of Indonesian resident and non-resident for tax purposes on 9 December 2025, effective on that date. PER-23 replaced DGT Regulations No PER-02/PJ/2009 and PER-43/PJ/2011, respectively.

### Key aspects of PER-23:

1. Tax subjects are:

- a) (i) Individuals, and  
(ii) Undistributed inheritance of a deceased estate that is treated as a single entity representing the beneficiaries,
- b) An entity, and
- c) A permanent establishment (PE).

Tax subjects are differentiated between resident tax subjects and non-resident tax subjects.

2. Resident tax subjects are:

- a) Individuals, both Indonesian citizens and foreign citizens who:
  - (i) Reside in Indonesia. These are individuals who:
    - a. Reside in a place in Indonesia that: (i) is controlled or can be used at any time; (ii) is owned, leased, or available for use; and (iii) is not used as a temporary residence by the individuals;
    - b. Have their main center of activities in Indonesia, which is used by the individuals as the center of their personal, social, economic, and/or financial activities or affairs in Indonesia; or
    - c. Carries out daily habits or activities in Indonesia, including activities that are hobbies or pastimes.
  - (ii) Are present in Indonesia either continuously or intermittently for more than 183 days within any 12-month period. Part of a day is counted as a full day; or
  - (iii) Are in Indonesia during a fiscal year and have the intention to reside in Indonesia. An individual is deemed to have the intention to reside in Indonesia if he/she has the following documents: (i) Permanent Residence Permit Card (KITAP); (ii) Limited Stay Visa (VITAS) with a validity period of more than 183 days; (iii) Limited Stay Permit (ITAS) with a validity period of more than 183 days; (iv) a contract or agreement to perform work, business, or activities in Indonesia for more than 183 days; or (v) other documents that can demonstrate an intention to reside in Indonesia, such as a residential lease agreement for more than 183 days, or documents showing the relocation of family members.

Individuals who are resident tax subjects become resident taxpayers if they receive or earn income sourced from within or outside Indonesia (i.e., globally), and the amount of income exceeds the tax-free threshold.

- b) Entities established or domiciled in Indonesia, except for specified units of Government entities. An entity is **established** in Indonesia (excluding a PE) if its establishment or formation is:
  - (i) Based on the provisions of Indonesian laws;
  - (ii) Registered in Indonesia in accordance with Indonesian laws; or
  - (iii) within Indonesia jurisdiction.An entity is **domiciled** in Indonesia if it has:
  - (i) A registered office in Indonesia as stated in its deed of establishment;
  - (ii) A head office, central administrative office, and/or central financial office in Indonesia; or
  - (iii) A management and control center in Indonesia (i.e., strategic policies and/or decision regarding the entity's investment and/or operational activities are made in Indonesia).
- c) Undistributed inheritance of a deceased estate that is treated as a single entity representing the beneficiaries.

3. Non-resident tax subjects are:

- a) Individuals who do not reside in Indonesia.
- b) Foreign citizens who are in Indonesia for no more than 183 days within a period of 12 months.
- c) Indonesian citizens who reside outside Indonesia for more than 183 days within a 12 month period and meet all of the following requirements:
  - a. Residing permanently in a place outside of Indonesia that is not a place of transit;
  - b. Have a primary center of activities demonstrating personal, economic, and/or social ties outside of Indonesia, which can be proven by: (i) spouse, children, and/or close family members residing outside Indonesia; (ii) income sources originating from outside Indonesia; and/or (iii) being a member of a religious, educational, social, and/or community organization recognized by the government of that foreign country;
  - c. Has a place to carry out habits or daily activities outside of Indonesia;
  - d. Being tax residents of another country or jurisdiction, which must be proven with a tax domicile certificate or other document showing tax resident status from the other countries or other jurisdictions' tax authorities. Such certificate must not be more than 6 months old; and/or
  - e. Certain other requirements; and
- d) Entities that are not established and do not have a registered office in Indonesia, that conducts business or carries out activities through a PE in Indonesia; or receiving or earning income from Indonesia not through a PE in Indonesia.

Indonesian citizens in item 3 (c) above shall be treated as individuals who have left Indonesia permanently and shall be treated as non-tax residents upon leaving Indonesia provided they have discharged all of their Indonesian tax obligations and have received a statement letter from the DGT as an Indonesian citizen who has fulfilled all of the requirements to become a non-Indonesian tax resident. Income received by them shall be subject to income tax in accordance with the provisions of the tax laws and regulations applicable to non-tax residents.

If an individual or an entity is an Indonesian tax resident under PER-23 and is also a tax resident of a partner country under a double taxation agreement, the tax residency status of the individual or the entity shall be determined based on the provisions of the relevant double taxation agreement.

**END**

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