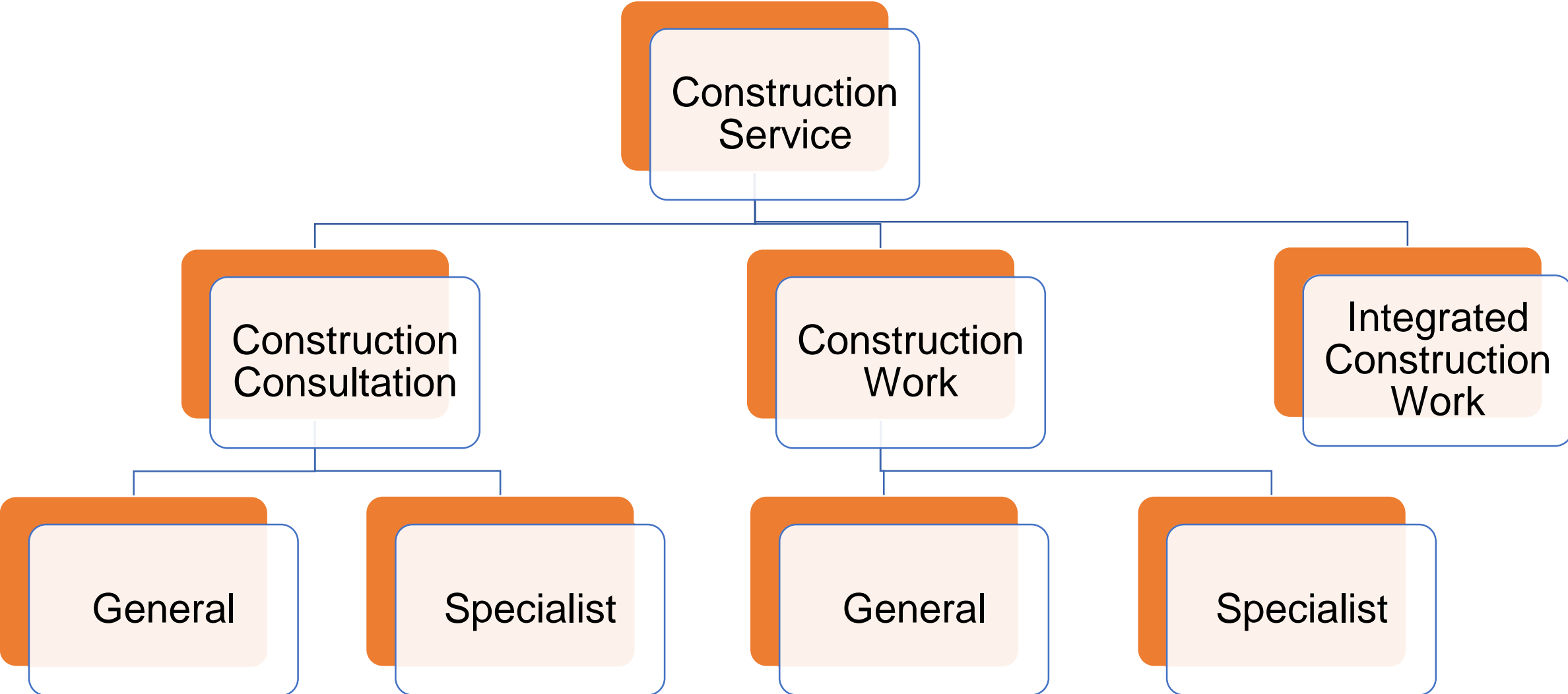


TAX ALERT 02.2022

Income Tax on Income from Construction Services

Based on **Government Regulation No. 9** Year 2022 as the Second Amendment to Government Regulation No. 51 Year 2008 as previously amended by Government Regulation No. 40 Year 2009

NEW CLASSIFICATIONS OF CONSTRUCTION SERVICE BUSINESS



SCOPE OF CONSTRUCTION SERVICES

Construction Consultation

This covers services such as comprehensive or partial assessments, planning, design, supervision, and management of construction work on building.

Construction Work

This covers activities such as actual construction activities including those relevant to operations, maintenance, dismantling and the reconstruction of buildings.

Integrated Construction Work

This covers any combination of construction work and construction consultation, including the integration of service functions in the planning, procurement, and development as well as the planning and development integration model.

FINAL INCOME TAX RATE

I. CONSTRUCTION WORK

- Construction work by Service Providers who have certificate of small business qualification or a certificate of business competence for individual businesses.

1,75%

- Construction work by Service Providers who do not have business entity certificate or work competency certificate for individual businesses.

4%

- Construction work by Service Providers other than the two Service Providers above.

2,65%

FINAL INCOME TAX RATE

II. CONSTRUCTION CONSULTATION

3,5%

- Construction consultation by Service Providers who have a business entity certificate or work competency certificate for individual businesses.

6%

- Construction consulting by Service Providers who do not have a business entity certificate or work competency certificate for individual businesses.

FINAL INCOME TAX RATE

III. INTEGRATED CONSTRUCTION WORK

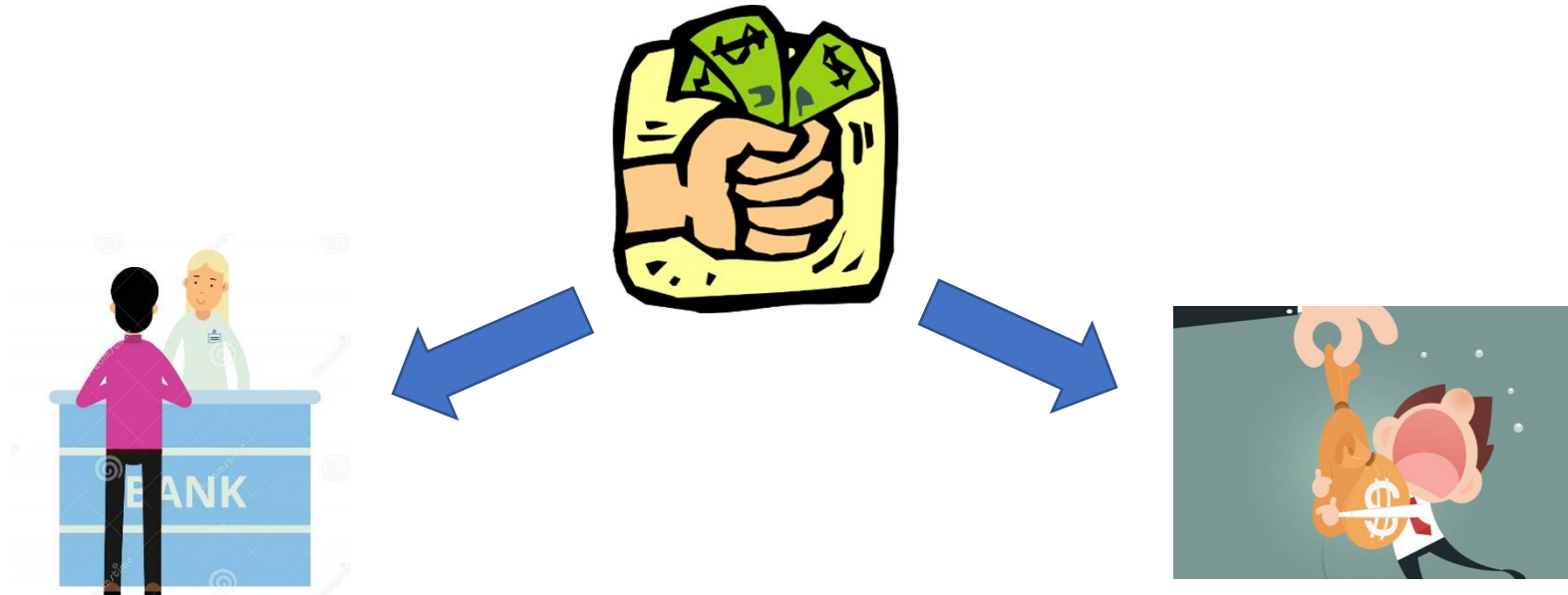
- Integrated construction work by Service Providers who have a business entity certificates.

2,65%

- Construction work by Service Providers who do not have a business entity certificate.

4%

PAYMENT & REPORTING PROCEDURES



A. Paid by Service Provider, if the Service User is not a Tax Withholder. It must be paid on every 15th of the following month and reported on the tax return by no later than the 20th days after the month the payment is received.

B. Deducted by Service User at the time of payment and must provide withholding tax slip to the Service Provider every time the payment is done. It must be paid on every 10th of the following month and reported on the tax return by no later than the 20th days after the month the tax withholding.

$$\text{Income Tax} = \text{Rate} \times \text{payment amount (exc VAT)}$$

FURTHER PROVISIONS REGARDING INCOME TAX PAYABLE

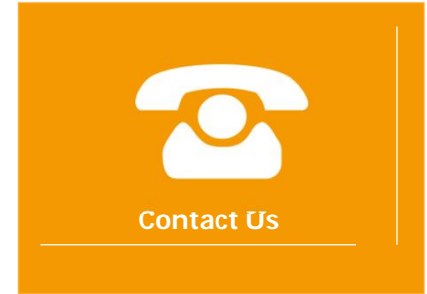
- a. If there is a difference on Income Tax payable based on the value of the service contract with the Income Tax based on payments that have been withheld, then the difference of Income Tax underpaid shall be paid by the Service Provider.
- b. If the service contract is not fully paid by the Service User, the contract value is not subject to Final Income Tax with the condition that the contract value is accounted as allowance for doubtful account.*

** It is a receivable that clearly cannot be collected as referred to Article 6 paragraph (1) of the Income Tax Law*

TRANSITIONAL RULES




This Government Regulation No. 9 of 2022 ("GR-9") comes into force on the date of promulgation, which is February 21, 2022. GR 51/2018 as amended by GR 40/2009 remains valid to the extent that it does not contradict the provisions of GR-9.



If you have any questions or need further information about
Government Regulation No. 9 Year 2022,
please contact us at :

 info@salaki-salaki.com

 021 – 290 49905 / 49906 / 49908

This content is for general information purposes only,
and should not be used as a substitute for consultation with professional advisors.

© 2022 Persek Salaki & Salaki
For further information, visit : www.salaki-salaki.com