

Calculation of Income Tax Article 21 for Permanent Employees Based on PMK Number 168 of 2023 and PER Number 16 of 2016

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Abstract. This research aims to investigate the differences between PMK Number 168 of 2023 and PER Number 16 of 2016 in calculating PPh Article 21 for Permanent Employees. The results of the literature review found that there are fundamental differences from the implementation of PMK Number 168 of 2023, namely in terms of the basis for imposition or deductions, the addition of zakat and donations as a deduction from gross income, and the use of effective rates and rates in article 17 paragraph 1a of the Income Tax Law. The implementation of PMK Number 168 of 2023 makes it easier or more practical to calculate PPh Article 21 for tax periods other than the last tax period. The results of the calculation simulation show that using the effective rate and the rate of article 17 paragraph 1a of the Income Tax Law is more profitable than just using the rate of article 17 paragraph 1a.

Keywords: PMK 168 of 2023, PER 16 of 2016, Permanent Employees, Income Tax Article 21.

1. Introduction

The government issued Government Regulation (PP) Number 58 of 2023 concerning withholding rates for Income Tax Article 21 (PPh Article 21) which came into effect as of January 1 2024. PP Number 58 of 2023 regulates the withholding rates for Income Tax Article 21 which are different from the existing rates, stated in article 17 of the Income Tax Law Number 36 of 2008 Article 17 paragraph 1a [1]. The Ministry of Finance issued a derivative regulation, namely PMK Number 168 of 2023 as a guide for implementing PP Number 58 of 2023. PMK Number 168 of 2023 details the procedures for withholding Income Tax Article 21 in accordance with the rates stipulated in PP Number 58 of 2023. Even though the Ministry of Finance has issued PMK Number 168 of 2023, but there are no new provisions explaining the existence of Regulation of the Director General of Taxes (PER) Number 16 of 2016 which is also a guide to the implementation of PPh Article 21 deductions, so PMK number 168 of 2023 and PER Number 16 of 2016 are two regulations that still valid. Therefore, it is interesting to examine

the differences and similarities between PMK Number 168 of 2023 and PER Number 16 of 2016, especially for calculating Income Tax Article 21 for Permanent Employees. Apart from that, what are the differences in the results of calculating Income Tax Article 21 for the two guidelines?.

2. Literature Review

Income Tax Article 21 is a tax on income received by domestic individual taxpayers [2]. Income received by individual taxpayers can be in the form of salary, wages, honorarium and others. Recipients of income that is deducted from Income Tax Article 21 include Permanent Employees, Non-Permanent Employees, Pension Recipients, etc. Permanent Employees are employees who receive or earn income on a regular basis, including members of the board of commissioners and members of the supervisory board, as well as employees who work on a contract basis for a certain period of time as long as the employee concerned works full time in that job [3].

Table 1. PMK Number 168 of 2023 and PER Number 16 of 2016

	PMK 168 of 2023	PER 16 of 2016
Basis for Imposition and Withholding	<ol style="list-style-type: none"> 1. Permanent Employees and Retired Employees: <ol style="list-style-type: none"> a. Gross income in one tax period b. Taxable income 2. Members of the board of commissioners or members of the supervisory board have gross income 3. Non-permanent employees are gross income with the following conditions: <ol style="list-style-type: none"> a. Gross income is not received monthly and the amount of daily gross income is up to 2,500,000, then the basis for imposition is: <ol style="list-style-type: none"> (1) daily gross income, in terms of daily gross income received (2) average daily gross income, in the case of income received other than daily. 	<ol style="list-style-type: none"> 1. Permanent Employees and Periodic Pension Recipients are taxable income 2. Members of the board of commissioners or members of the supervisory board have gross income. 3. Non-permanent employees are as follows: <ol style="list-style-type: none"> a. Non-permanent employees whose income is paid monthly or the cumulative amount of income received in one calendar month exceeds 4,500,000 is taxable income. b. Non-permanent employees or casual workers who receive daily wages, weekly wages, piece wages or piece wages, as long as

	PMK 168 of 2023	PER 16 of 2016
	<p>b. Gross income is not received on a monthly basis and the total gross income per day is more than 2,500,000, then the base for imposition is 50% of the total gross income.</p> <p>c. Gross income received monthly is equal to the amount of gross income</p> <p>4. Non-Employees are 50% of total gross income</p> <p>5. Activity Participants are equal to the amount of gross income</p> <p>6. Pension program participants who still have employee status are equal to their gross income</p> <p>7. Former Employees are equal to the amount of gross income</p> <p>8. Overseas taxpayers are equal to the amount of gross income</p>	<p>the cumulative income received in 1 calendar month does not exceed 4,500,000 is the amount of income that exceeds 450,000.</p> <p>4. Non-Employees who receive benefits that are not sustainable are 50% of total gross income</p> <p>5. Activity participants are equal to the amount of gross income</p> <p>6. Former Employees are equal to the amount of gross income</p> <p>7. Overseas taxpayers are equal to the amount of gross income</p>
Deduction of gross income for permanent employees	<p>1. Position allowance</p> <p>2. Pension contributions paid by employees</p> <p>3. Zakat or donations are mandatory for followers of religions recognized in Indonesia</p>	<p>1. Position allowance</p> <p>2. Pension contributions paid by employees</p>
Reduction of gross income for retirees	<p>1. Pension costs</p> <p>2. Zakat or religious donations are mandatory for followers of religions recognized in Indonesia</p>	<p>Pension costs</p>
Rates	<p>1. Effective rate of Income Tax Article 21</p> <p>2. Tariff article 17 paragraph 1a</p>	<p>Tariff article 17 paragraph 1a</p>

Sources : tax regulations [1];[2];[3];[4]

3. Research Method

Based on the table above, the basis for withholding PPh Article 21 for Permanent Employees based on PMK 168 of 2023 is gross income in one tax period and taxable income. Meanwhile, based on PER 16 of 2016 the basis for withholding PPh Article 21 for permanent employees is taxable income. The basis for deductions from gross income will be used to calculate PPh Article 21 payable for the tax period except for the last tax period, namely December or the period when the employee stops working. The rate used is the effective rate as regulated in PP 58 of 2023. Calculating the effective rate is easier and more practical compared to applying the rate of Article 17 paragraph 1a of the Income Tax Law which is regulated in PER 16 of 2016. Of course this will make it easier for employers to calculate PPh Article 21 is owed.

For calculating PPh Article 21 payable for the last tax period, the rate used is the rate in accordance with the Income Tax Law Article 17 paragraph 1a. The procedure carried out is no different between PMK 168 of 2023 and PER 16 of 2016. Gross income is calculated first for the entire income from the first tax period to the last tax period, then subtracted by the allowed deductions to produce net income. Next, net income is reduced by Non-Taxable Income to produce taxable income. Taxable income is multiplied by the rate according to Article 17 paragraph 1a of the Income Tax Law. The difference between PMK 168 of 2023 and PER 16 of 2016 is in terms of deductions that are allowed as deductions from gross income. The deductions allowed in PMK 168 of 2023 are office fees, pension contributions paid by employees, and zakat or donations paid by employees who are obligatory as adherents of a recognized religion. PER 16 of 2016 does not regulate zakat and donations as a deduction from gross income. The definitions of gross income, net income, taxable income, office fee rates are not different between PMK 168 of 2023 and PER 16 of 2016.

Gross income is all income received or obtained from the employer. Meanwhile, Taxable Income is net income minus Non-Taxable Income. Net income is obtained from all income received by the Taxpayer minus deductions permitted by tax regulations. Allowable deductions are office fees and pension contributions paid by the taxpayer himself to a pension fund authorized by the minister of finance. The position fee is 5% of total gross income with a maximum limit of 6,000,000 per year or 500,000 per month. Non-Taxable Income is calculated based on the status of the taxpayer. Taxpayer status can be unmarried (TK) and married (K) and a maximum of 3 dependents. The amount of Non-Taxable Income per year is: (1) 54,000,000 for the taxpayer personally, (2) an additional 4,500,000 for married taxpayers, (3) an additional 4,500,000 for each dependent who borne by the taxpayer. Income Tax Article 21 payable is calculated by multiplying the basic deduction for Income Tax Article 21 by the rate. Income Tax Rates Article 21 consist of rates in accordance with PP Number 58 of 2023 and rates in accordance with the Income Tax Law Article 17 paragraph 1a.

4. Result and Discussion

Example of Calculation of Income Tax Article 21

Mr. Ahmad works at PT. Cahaya Hati and earn income during 2024 as shown in the table. Mr. Ahmad has been married since 2022 and has a son who was born August 1, 2023. Work accident insurance premiums (JKK) and death insurance premiums (JKM) are paid by PT. Cahaya Hati every month for Mr Ahmad is 0.5% and 0.3% of salary respectively. Pension contributions paid by PT. Cahaya Hati to a pension institution that has been approved by the Minister of Finance in the amount of Rp. 300,000.00 per month and pension contributions paid by Mr. Ahmad himself through PT. Cahaya Hati amounting to IDR 200,000.00 every month. Apart from that, Mr. Ahmad also pays zakat to institutions authorized by the government through PT. Cahaya Hati amounting to IDR 150,000.00 every month.

Table 2. Mr. Ahmad's Income for 2024

Month	Wages	Allowance	THR	Bonus	Overtime pay	JKK and JKM premium	Gross income
January	15,000,000	25,000,000				120,000	40,120,000
February	15,000,000	25,000,000				120,000	40,120,000
March	15,000,000	25,000,000				120,000	40,120,000
April	15,000,000	25,000,000				120,000	40,120,000
May	15,000,000	25,000,000				120,000	40,120,000
June	15,000,000	25,000,000				120,000	40,120,000
July	15,000,000	25,000,000				120,000	40,120,000
August	15,000,000	25,000,000				120,000	40,120,000
September	15,000,000	25,000,000				120,000	40,120,000
October	15,000,000	25,000,000				120,000	40,120,000
November	15,000,000	25,000,000				120,000	40,120,000
December	15,000,000	25,000,000	30,000,00	40,000,00		120,000	110,120,00
Amount	180,000,00	300,000,00	30,000,00	40,000,00		1,440,00	551,440,00
	0	0	0	0		0	0

1. Calculation of PPh Article 21 payable based on PMK 168 of 2023:

Mr. Ahmad's marital status as stated in the question is K/1. With K/1 status, Mr. Ahmad is subject to the effective category B rate and the percentage rate charged for each tax period except the December tax period is carried out by looking at the gross income for each tax period. The

calculation of Income Tax Article 21 for the period except December for Mr. Ahmad is as follows:

Table 3. Calculation of PPh Article 21

Month	Gross income	Effective Rates Category B	Income Tax Article 21
January	40,120,000.00	15%	6,018,000.00
February	40,120,000.00	15%	6,018,000.00
March	40,120,000.00	15%	6,018,000.00
April	40,120,000.00	15%	6,018,000.00
May	40,120,000.00	15%	6,018,000.00
June	40,120,000.00	15%	6,018,000.00
July	40,120,000.00	15%	6,018,000.00
August	40,120,000.00	15%	6,018,000.00
September	40,120,000.00	15%	6,018,000.00
October	40,120,000.00	15%	6,018,000.00
November	40,120,000.00	15%	6,018,000.00
December	110,120,000.00		
Amount	551,440,000.00		66,198,000.00

Calculation of Income Tax Article 21 for the December Tax period:

Annual gross income

551,440,000.00

Deduction:

1. cost of office :

5% x 561,440,000.00

(Maximum 6,000,000.00 a year)

6,000,000.00

2. Paid pension contributions

by Mr Ahmad himself

12 x 200,000.00

2,400,000.00

3. Zakat paid sir

Ahmad

12 x 150,000.00

1,800,000.00

The amount of deduction is

10,200,000.00

Annual net income

541,240,000.00

Non-Taxable Income (PTKP)

K/1 status :

1. For taxpayers themselves 54,000,000.00

2. Additional for marriage 4,500,000.00

3. Additional 1 dependent 4,500,000.00

Total PTKP	
	<u>63,000,000.00</u>
Taxable Income	478,240,000.00
Income Tax Article 21 Payable:	
5% x 60,000,000.00	3,000,000.00
15% x 190,000,000.00	28,500,000.00
25% x 228,240,000.00	57,060,000.00
The amount of PPh Article 21 payable is	88,560,000.00
Income Tax Article 21 that has been paid	
Period January to November	
66,198,000.00	
Income Tax Article 21 Underpayment for December period	22,362,000.00

2. Calculation of Income Tax Article 21 payable based on PER 16 of 2016:

Salary	: 15,000,000.00
Allowance	: 25,000,000.00
JKK Premium (0.5% x Salary)	: 75,000.00
JKM Premium (0.3% x Salary)	: 45,000.00
Total Gross Income	
	40,120,000.00
Minus :	
Position fees (5% x 40,120,000)	
Maximum 500,000/month	: 500,000.00
Pension contribution	: 200,000.00
Amount of Deduction	<u>700,000.00</u>
Net Income	
39,420,000.00	
Annualized Net Income	
473,040,000.00	
Non-Taxable Income (K/1)	
For taxpayers	: 54,000,000.00
Additional marital status	: 4,500,000.00
Additional dependents	: 4,500,000.00
Total Non-Taxable Income	
<u>63,000,000.00</u>	
Taxable Income	
410,040,000.00	
Income Tax Article 21 Payable:	

1. 5% x 60,000,000.00	: 3,000,000.00
2. 15% x 190,000,000.00	: 28,500,000.00
3. 25% x 160,040,000.00	: 40,010,000.00

The amount of PPh 21 owed is

71,510,000.00

Income Tax Article 21 period 71,510,000.00/12

5,959,167.00

The gross income for the period from January to November is the same, so the PPh Article 21 payable for the period January to November is also the same, namely 5,959,167.00 with the total amount of PPh Article 21 payable being 11 x 5,959,167.00, namely 65,550,837.00

Calculation of Income Tax Article 21 for the December tax period:

Annual salary	12 x 15,000,000.00	: 180,000,000.00
Allowance	12 x 25,000,000.00	: 300,000,000.00
JKK Premium (0.5% x Salary)	12 x 75,000.00	: 900,000.00
JKM Premium (0.3% x Salary)	12 x 45,000.00	: 540,000.00
THR		: 30,000,000.00
Bonus		: 40,000,000.00
Total Annual Gross Income		
	551,440,000.00	

Minus :

Position fees (5% x 551,440,000)	
Maximum 6,000,000/year	: 6,000,000.00
Pension contributions	12 x 200,000.00
Amount of Deduction	: 2,400,000.00
<u>8,400,000.00</u>	
Annual Net Income	
543,040,000.00	
Non-Taxable Income (K/1)	
For taxpayers	: 54,000,000.00
Additional marital status	: 4,500,000.00
Additional dependents	: 4,500,000.00
Total Non-Taxable Income	
<u>63,000,000.00</u>	
Taxable Income	
480,040,000.00	
Income Tax Article 21 Payable:	
a. 5% x 60,000,000.00	: 3,000,000.00
b. 15% x 190,000,000.00	: 28,500,000.00

c. $25\% \times 230,040,000.00$: 57,510,000.00

The amount of PPh 21 payable a year is

89,010,000.00

Income Tax Article 21 which has been deducted from January to November is

65,550,837.00

Income Tax Article 21 payable for the December period is

21,000,000.00

5. Conclusion

PMK Number 168 of 2023 as an implementation of PP Number 58 of 2023 provides different regulations from PER Number 16 of 2016 in calculating Income Tax Article 21 for Permanent Employees. These differences are as follows:

1. The basis for imposition or deduction consists of two parts, namely (1) gross income and (2) taxable income.
2. Gross income is used to calculate PPh Article 21 payable for periods other than the last tax period. Employees who work 1 full year, the last tax period is the December tax period.
3. Taxable income is used to calculate PPh Article 21 payable for the last tax period.
4. There is an additional deduction that is allowed to calculate net income, namely zakat or donations which are mandatory for followers of religions recognized in Indonesia.
5. The rates used in the calculation consist of (1) the effective rate for calculating tax payable for periods other than the last tax period and (2) the rate of article 17 paragraph 1a of the Income Tax Law for calculating tax payable for the last tax period.
6. The use of effective rates makes it easier to calculate PPh Article 21 payable.

References

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