

GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER 16 OF 2009
ON
INCOME TAX ON INCOME IN THE FORM OF BOND INTEREST

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering : a. that by amendment to Law Number 7 of 1983 on Income Tax as amended several times, last by Law Number 36 of 2008 on The Fourth Amendment to Law Number 7 of 1983 on Income Tax, it is necessary to make adjustments to the provisions Income Tax on Income in the Form of bond interest;
- b. that based on the consideration as referred to in point a and to implement the provision of Article 4 section (2) point a and Article 17 section (7) of Law Number 36 of 2008 on The Fourth Amendment of Law Number 7 of 1983 on Income Tax, it is necessary to issue Government Regulation on Income Tax on Income in the Form of Bond Interest;
- Observing : 1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 7 of 1983 on Income Tax (State Gazette of the Republic of Indonesia of 1983 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 3263) as amended several times, last by Law Number 36 of 2008 on the Fourth Amendment to Law Number 7 of

1983 on Income Tax (State Gazette of the Republic of Indonesia of 2008 Number 133, Supplement to the State Gazette of the Republic of Indonesia Number 4893);

HAS DECIDED:

To issue : GOVERNMENT REGULATION ON INCOME TAX ON INCOME
IN THE FORM OF BOND INTEREST

Article 1

In this Government Regulation:

1. Bonds mean debt securities and government bonds, which have a maturity more than 12 (twelve) months.
2. Bond Interest means the compensation received and/or obtained by the Bond holder in the form of interest and/or discount.

Article 2

- (1) Income received and/or obtained by a Taxpayer in the form of Bond Interest is subject to final Income Tax withholding.
- (2) The provision as referred to in section (1) do not apply if the recipient of the income in the form of Bond Interest are:
 - a. Taxpayer of Pension fund whose establishment has been authorized by Minister of Finance and fulfills the requirements as regulated in Article 4 section (3) point h of Law Number 7 of 1983 on Income Tax as amended several times, last by Law Number 36 of 2008 on The Fourth Amendment to Law Number 7 of 1983 on Income Tax; and
 - b. Taxpayer of bank established in Indonesia or foreign bank branches in Indonesia.

Article 3

The amount of Income Tax as referred to in Article 2 section (1) are:

- a. interest from the Bond with a coupon in the amount of:

- 1) 15% (fifteen percent) for domestic Taxpayer and permanent establishment; and
 - 2) 20% (twenty percent) or in accordance with the tariff based on double tax treaty for foreign Taxpayer other than permanent establishment, from the difference in selling price or nominal value above the acquisition price of the bond, excluding current interest;
- b. discount from Bond with a coupon in the amount of:
- 1) 15% (fifteen percent) for domestic Taxpayer and permanent establishment; and
 - 2) 20% (twenty percent) or in accordance with the tariff based on double tax treaty for foreign Taxpayer other than permanent establishment, from the difference in selling price or nominal value above the acquisition price of the bond, excluding current interest;
- c. discount from interest-free Bond in the amount of:
- 1) 15% (fifteen percent) for domestic Taxpayer and permanent establishment; and
 - 2) 20% (twenty percent) or in accordance with the tariff based on double tax treaty for foreign Taxpayer other than permanent establishment, from the difference in selling price or nominal value above the acquisition price of the Bond; excluding current interest
- d. interest and/or discount of Bond received and/or obtained by mutual fund Taxpayer registered at the Capital Market and Financial Institution Supervisory Agency in the amount of:
- 1) 0% (zero percent) from 2009 to 2010;
 - 2) 5% (five percent) from 2011 to 2013; and
 - 3) 15% (fifteen percent) from 2014 and so on.

Article 4

Income Tax Withholding as referred to in Article 2 is carried out by:

- a. Bond issuer or custodian as the appointed payment agent, for interest and/or discount received by the Bond holder with the coupon at the maturity of the Bond Interest, and discount received by the holder interest-bond at the maturity of the Bond; and/or
- b. securities company, dealer, or bank, as intermediary trader and/or buyer, for interest and discount received by the Bond seller at the time of the transaction.

Article 5

Further provisions regarding procedure for Income Tax on Bond Interest withholding, payment, and tax return are regulated by or under Regulation of Minister of Finance.

Article 6

At the time this Government Regulation comes into force, Government Regulation Number 6 of 2002 on Income Tax on Interest and Discounted Bonds Traded and/or Reported on the Stock Exchange (State Gazette of the Republic of Indonesia of 2002 Number 11, Supplement to the State Gazette of the Republic of Indonesia Number 4175), repealed and declared ineffective.

Article 7

This Government Regulation comes into force on 1 January 2009.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by placing it in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 9 February 2009

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
on 9 February 2009

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 33 OF 2009

Jakarta, 27 November 2019

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



WIDODO EKATJAHJANA

ELUCIDATION
OF
GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER 16 OF 2009
ON
INCOME TAX ON INCOME IN THE FORM OF BOND INTEREST

I. GENERAL

With the promulgation of Law Number 36 of 2008 on the Fourth Amendment to Law Number 7 of 1983 on Income Tax, there was a material change so it was necessary to adjust the provisions concerning Income Tax on income in the form of Bond Interest previously regulated by Government Regulation Number 6 of 2002 on Income Tax on Bond Interest and Discounts that are Traded and/or Reported on Stock Exchange.

Based on the provision of Article 4 section (2) point a of Law Number 36 of 2008 on the Fourth Amendment to Law Number 7 of 1983 on Income Tax, income in the form of Bond Interest can be subjected with final income tax which is regulated by or under Government Regulation.

The provision of Article 17 section (7) of Law Number 36 of 2008 on the Fourth Amendment to Law Number 7 of 1983 on Income Tax state that by Government Regulation there can be a separate tax rate on income in the form of Bond interest.

The main material regulated in this Government Regulation are about the imposition of final Income Tax and the determination of the tax rate on income in the form of Bond Interest.

The purpose of this regulation is to provide convenience for Taxpayer, increase effectiveness and efficiency of tax imposition, and encourage the development of Bond trading in Indonesia.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently Clear.

Article 2

Sufficiently Clear.

Article 3

Point a

The term "Bond with coupons" is known as interest bearing debt securities.

The term "tenure" is known as holding period.

Point b

The term "walking interest" is known as accrued interest.

Point c

The term "interest-free bonds" is known as non-interest bearing debt securities.

Point d

Sufficiently Clear.

Article 4

Sufficiently Clear.

Article 5

Sufficiently Clear.

Article 6

Sufficiently Clear.

Article 7

Sufficiently Clear.