



MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

COPY OF
REGULATION OF THE MINISTER OF FINANCE
NUMBER 85/PMK.03/2011
CONCERNING
PROCEDURES FOR WITHHOLDING, PAYMENT, AND REPORTING OF INCOME TAX
ON BONDS INTEREST

BY THE GRACE OF GOD ALMIGHTY
THE MINISTER OF FINANCE,

Considering : that in order to implement provision of Article 5 of the Government Regulation Number 16 Year 2009 concerning Income Tax on Bonds Interest Income, it is necessary to stipulate Regulation of the Minister of Finance concerning Procedures for Withholding, Payment, and Reporting of Income Tax on Bonds Interest;

In View of : 1. Act Number 6 Year 1983 concerning General Provisions and Taxation Procedures (State Gazette of the Republic of Indonesia Year 1983 Number 49, Supplement to State Gazette of the Republic of Indonesia Number 3262) as amended several times, the latest by Act Number 16 Year 2009 (State Gazette of the Republic of Indonesia Year 2009 Number 62, Supplement to State Gazette of the Republic of Indonesia Number 4999);

2. Act Number 7 Year 1983 concerning Income Tax (State Gazette of the Republic of Indonesia Year 1983 Number 50, Supplement to State Gazette of the Republic of Indonesia Number 3263) as amended several times, the latest by Act Number 36 Year 2008 (State Gazette of the Republic of Indonesia Year 2008 Number 133, Supplement to State Gazette of the Republic of Indonesia Number 4893);

3. Government Regulation Number 16 Year 2009 concerning Income Tax on Bonds Interest (State Gazette of the Republic of Indonesia Year 2009 Number 33, Supplement to State Gazette of the Republic of Indonesia Number 4982)

4. Presidential Decree Number 56/P Year 2010;

DECIDES:

To stipulate : REGULATION OF THE MINISTER OF FINANCE CONCERNING WITHHOLDING, PAYMENT, AND REPORTING OF INCOME TAX



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ON BONDS INTEREST.

Article 1

In this Regulation of the Minister of Finance:

1. Bonds Interest shall mean the compensation received or obtained by the Bonds holder in the form of interest and / or discount.
2. Bonds shall mean debts securities and or state debts securities, with a term of more than 12 (twelve) months.

Article 2

- (1) On the income received or earned by Taxpayer in the form of Bonds Interest subject to final Income Tax withholding.
- (2) The final Income Tax Withholding as referred to in paragraph (1) shall not apply if the recipients of Bonds Interest are:
 - a. Pension Fund Taxpayer that the founding / establishment has been approved by the Minister of Finance and meet the requirements as stipulated in Article 4 paragraph (3) letter h of the Act Number 7 Year 1983 concerning Income Tax as amended several times the latest by Act Number 36 Year 29008; and
 - b. Bank Taxpayer established in Indonesia or branches of foreign banks in Indonesia.

Article 3

Amount of Income Tax as referred to in Article 2 paragraph (1):

- a. On interest bearing debt securities amounting to:
 - 1) 15% (fifteen percent), for resident Taxpayer and permanent establishment;
 - 2) 20% (twenty percent) or in accordance with the tariff based on the Agreement for the Avoidance of Double Taxation for the Non Resident Taxpayer other than permanent establishment,Of the gross amount of interest in accordance with the holding period of Bonds;
- b. On interest bearing debt securities amounting to:
 - 1) 15% (fifteen percent), for resident Taxpayer and permanent establishment;
 - 2) 20% (twenty percent) or in accordance with the tariff based on the Agreement for the Avoidance of Double Taxation for the Non Resident Taxpayer other than permanent



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establishment,

Of the excess of selling price at the time of the transaction or the nominal value on the due date of Bonds over the Bonds acquisition price, excluding the accrued interest;

- c. On non interest bearing debt securities amounting to:
- 1) 15% (fifteen percent), for resident Taxpayer and permanent establishment;
 - 2) 20% (twenty percent) or in accordance with the tariff based on the Agreement for the Avoidance of Double Taxation for the Non Resident Taxpayer other than permanent establishment,

Of the excess of selling price at the time of the transaction or the nominal value on the due date of Bonds over the Bonds acquisition price;

- d. On interest and / or Bonds discount received and / or accrued by the Mutual Funds Taxpayer listed on the Capital Market Supervisory Agency and Financial Institution amounting to:
- 1) 0% (zero percent) for 2009 to 2010;
 - 2) 5% (five percent) for 2011 to 2013;
 - 3) 15% (fifteen percent) for 2014 and so forth.

Article 4

- (1) Withholding Income Tax as referred to in Article 2 paragraph (1) conducted by:
- a. Emiten or custodian as the agent of payment appointed, on:
 - 1) Interest and / or discount received or accrued by the holders of bearing debts securities at the due date of Bonds Interest; and
 - 2) Discount received or accrued by the holders of non-interest bearing debt securities at the due date of Bonds Interest;
 - b. Securities firms, dealer, or bank, as intermediaries, on interest and / or discount of Bonds received or accrued by the Bonds seller at the time of transaction; and / or
 - c. Securities firms, dealer, or bank, pension funds, and mutual funds, as the buyer of Bonds directly without intermediaries, on interest and / or discount of Bonds received or accrued by the Bonds seller at the time of transaction.



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- (2) In terms of the Bonds sale carried out directly without intermediaries to parties other than tax withholder in paragraph (1) letter c, custodian or sub-registry as the parties who perform the recording of Bonds ownership transfer shall perform withholding by collecting payable final Income Tax from the seller of Bonds before the implementation of ownership transfer.
- (3) In terms of Obligation sale as referred to in paragraph (2) does not require recording of Bonds ownership transfer but merely bearer bonds, final Income Tax withholding conducted by Emiten or custodian appointed as the payment agent, from the buyer / holder of Bonds at the time of:
 - a. Interest due, for the interest income calculated based on the full ownership from the last interest due date;
 - b. Bonds due, for the discount income calculated based on the full ownership from the date of initial issuance of Bonds.
- (4) In terms that it can be proved that the Bonds seller of bearer bonds as referred to in paragraph (3) is the party that shall not imposed to Income Tax Withholding or other parties who have been subject to Income Tax withholding, final Income Tax withholding on interest the time of interest due or discount on the Bonds due, calculated based on the full ownership reduced by the period of Bonds seller ownership.

Article 5

- (1) The Bonds seller shall notify the tax withholder regarding the acquisition price and the actual date of Bonds acquisition, for the purposes of calculation of interest and / or discount on which the tax withholding.
- (2) The notification as referred to in paragraph (1) conducted by submitting Proof of Final Income Tax Withholding Article 4 paragraph (2) of the previous purchase of Bonds.
- (3) The acquisition price and date of Bonds acquisition as referred to in paragraph (1) determined by precedence of similar acquisition price and Bonds acquisition date obtained first (First In First Out method).
- (4) The provision as referred to in paragraph (1) also applied to the Bonds seller that does not apply Income Tax Withholding.
- (5) In terms that the Bonds seller does not notify the actual acquisition price and Bonds acquisition date to the tax withholder, then the income of interest and / or discount that



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are not / less notified, subject to Income Tax accordingly in the false year intended plus the administrative sanction in form of interest.

Article 6

Income Tax withholder as referred to in Article 4 shall provide Final Income Tax Withholding Proof Article 4 paragraph (2) to the individual or entity that derives income in form of Bonds Interest.

Article 7

- (1) Income Tax Withholding as referred to in Article 4 shall pay Income Tax as referred in to Article 2 paragraph (1) to the Post Office or bank designated by the Minister of Finance, at the latest date of 10 (ten) of the following month after the implementation month of tax withholding.
- (2) If the due date of payment as referred to in paragraph (1) coincided with holidays including Saturday or national holiday, the payment may be done on the following working day.
- (3) The Income Tax payment as referred to in paragraph (1) conducted by using Tax Payment Slip.

Article 8

- (1) Income Tax Withholder as referred to in paragraph (4) must report the withholding and payment of Income Tax as referred to in Article 2 paragraph (1) and Article 7 at the latest of 20 (twenty) days after the implementation month of tax withholding.
- (2) If the deadline of the reporting as referred to in paragraph (1) coincided with holidays including Saturday or national holiday, the reporting may be done on the following working day.
- (3) The Income Tax report as referred to in paragraph (1) conducted by using Final Income Tax Period Notice Article 4 paragraph (2).

Article 9

Procedures of calculating the withholding tax on Bonds Interest according to the example as listed in the Attachment of this Regulation of the Minister of Finance, which is an integral part of this Regulation of the Minister of Finance.

Article 10

At the time this Regulation of the Minister of Finance shall come



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into force, Regulation of the Minister of Finance Number 12/KMK.03/2002 concerning Procedures of Income Tax Withholding on Interest and Discount of Bonds traded and or Reported the Trading on the Stock Exchange, revoked and declared invalid.

Article 11

This Regulation of the Minister of Finance shall come into force on the date of its promulgation.

For public cognizance, this Regulation of the Minister of Finance shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On May 23, 2011

MINISTER OF FINANCE

Signed,

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

On May 23, 2011

MINISTER OF LAW AND HUMAN RIGHTS

Signed

PATRIALIS AKBAR

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 307

Issued for Certified True Copy

HEAD OF THE GENERAL AFFAIRS BUREAU

For

HEAD OF THE MINISTERIAL ADMINISTRATIVE DIVISION

GIARTO

NIP. 195904201984021001



MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

ATTACHMENT
REGULATION OF THE
MINISTER OF FINANCE
NUMBER 85/PMK.03/2011
CONCERNING PROCEDURES
FOR THE WITHHOLDING,
PAYMENT AND REPORTING
OF INCOME TAX ON BONDS
INTEREST

EXAMPLE OF CALCULATION OF PROCEDURES OF THE WITHHOLDING INCOME
TAX ON BONDS INTEREST

1. On July 21, 2011, PT. ABC (Issuer) issued interest bearing bond as follows
 - Nominal value of Rp. 10.000.000,00 per sheet.
 - 5 year Bonds term (due date on July 1, 2016).
 - Fixed rate amounting 16% per year, interest due every June 30 and December 31.
 - The initial issuance listed in Indonesian Stock Exchange (BEI).

PT. XYZ (investor at the time of initial issuance purchased 10 sheets of Bonds at under par value (at discount), amounting to Rp. 9.000.000,00 per sheet.

The Calculation of payable final interest and Income Tax (final Income Tax) by PI. XYZ on due date of December 31, 2011 are as follows:

- • interest = $(6/12 \times 16\% \times \text{Rp. } 10.000.000,00) \times 10$
= Rp. 8.000.000,00
- • Final Income Tax = $15\% \times \text{Rp. } 8.000.000,00 = \text{Rp. } 1.200.000,00$
= Withheld by Issuer or custodian designated as cash settlement.

- Description:

In fact, the interest bearing bond acquisition price at the time of initial issuance is not necessarily equal to its nominal value.

The buyer can acquire Bonds at under par value (at discount) or above par value



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(at premium). In essence, the difference of under par value or above par value is an adjustment of Bonds Interest rate calculated into the price of acquisition.

If in the above example investor or buyer of Bonds is Mutual funds Taxpayer the calculation of final Income Tax or interest acquired at due date of December 31, 2011 are as follows:

- • interest = $(6/12 \times 16\% \times \text{Rp. } 10.000.000,00) \times 10$
= $\text{Rp. } 8.000.000,00$
- • Final Income Tax = $5\% \times \text{Rp. } 8.000.000,00$
= $\text{Rp. } 400.000,00$

2. On March 31, 2012, PT. XYZ sold all Bonds owned to PT. PQR through securities company PT. MNO Sekuritas in over the counter (OTC), with the selling price of Rp. 10.400.000,00 per sheet including accrued interest.

The calculation of payable accrued interest, discount, and final Income Tax by PT. XYZ at the time of Bonds sale on March 31, 2012 are as follows:

- • Accrued interest = $(3/12 \times 16\% \times \text{Rp. } 10.000.000,00) \times 10$
= $\text{Rp. } 4.000.000,00$
- • discount = $[(\text{Rp. } 10.400.000,00 - \text{Rp. } 400.000,00) - \text{Rp. } 9.000.000,00] \times 10$
= $\text{Rp. } 10.000.000,00$

Due to the impose of final Income Tax at the same rate, the accrued interest and discount can be calculated at the same time:

- • Accrued interest and discount = $(\text{Rp. } 10.400.000,00 - \text{Rp. } 900.000,00) \times 10$
= $\text{Rp. } 14.000.000,00$
- • Final Income Tax = $15\% \times \text{Rp. } 14.000.000,00 = | \text{Rp. } 2.100.000,00 |$
=
Withheld by PT. MNO Sekuritas as intermediary.

3. PT. PQR has the Bonds purchased from PT. XYZ until December 31, 2014. Then



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on every due date of interest during the Bonds ownership period, PT. PQR final Income Tax payable amounting 15% of the interest received or accrued (see example 1) withheld by issuer or custodian designated as cash settlement.

4. On December 31, 2014, PT. PQR after receiving interest from the issuer sold all Bonds owned to PT. CDE through Bank Pundi Nasional as the intermediary with the selling price of Rp. 10.500.000,00 per sheet.

The calculation of payable interest, discount, and final Income Tax by PT. PQR at the interest due or at the time of Bonds selling on December 31, 2014 are as follows:

• • interest	=	(6/12 x 16% x Rp. 10.000.000,00) x
	=	10
		Rp. 8.000.000,00
• • Final Income Tax	=	15% x Rp. 8.000.000,00 = Rp.
	=	1.200.000,00
		Withheld by Issuer or custodian
		designated as cash settlement.
• • discount	=	(Rp. 10.500.000,00 - Rp.
	=	10.000.000,00) x 10
		Rp. 5.000.000,00
• • Final Income Tax	=	15% x Rp. 5.000.000,00 = Rp.
on discount	=	750.000,00
		Withheld by Bank Pundi Nasional as
		intermediary.

- Description:

The definition of discount in this regulation is not limited to the realization of under par value (at discount) acquisition price of Bonds nominal value, but includes the excess of above par value of Bonds acquisition price.

5. On May 31, 2016, PT. CDE sold all Bonds owned to *Sejahtera Mandiri* Pension Funds (has been approved by the Minister of Finance) directly without intermediaries with the selling price of Rp. Rp. 10.666.667,00 per sheet including interest.

The calculation of payable accrued interest, discount, and Income Tax by PT. CDE



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at the time of Bonds sale on May 31, 2016 are as follows:

• •	Accrued interest	=	(5/12 x 16% x Rp. 10.000.000,00) x
		=	10
			Rp. 666.667,00
• •	discount	=	[(Rp.10. 666.667,00– Rp. 666.667,00)
		=	– Rp10. 500.000,00] x 10
			(Rp. 5.000.000,00)
			Negative or loss discount

The acquisition of negative or loss discount cannot be calculated by the accrued interest. Final payable Income Tax due to Bonds sale, as follows:

Income Tax	=	15% x Rp. 6.666.670,00
Final	=	Rp. 1.000..001,00

• Description:

Although the Bonds sale is not conducted through the intermediaries and not reported to the stock, pension funds as buyer shall performed tax withholding. The same provisions applied in terms of purchase by the securities company, bank, mutual funds as investors.

6. On July 1, 2016 (Bond due date), *Sejahtera Mandiri* Pension Funds received repayment of all Bonds owned along with the interest according to the ownership period (1 month) from PT. ABC, issuer of the Bonds.

The calculation of interest, discount, and Income Tax by *Sejahtera Mandiri* Pension Funds at the time of Bonds repayment due date on July 1, 2016 are as follows:

• •	interest	=	(1/12 x 16% x Rp. 10.000.000,00) x
		=	10
			Rp. 1.333.330,00
• •	discount	=	[(Rp. 10.000.000,00 – Rp.
		=	10.000.000,00) x 10
			Nil
• •	Unpayable final Income tax by the pension fund qualified in accordance to the provisions of Article 2 of this Regulation of the Minister of Finance.		



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7. On January 1, 2011, PT. ABC issued non-interest bearing debt securities with a term of 10 year (due date on January 1, 2012) with a nominal value of Rp. 10.000.000,00. The initial Bonds issuance listed in Indonesia Stock Exchange (IDX).

PT. GHI purchased 100 sheets of non-interest bearing debt securities with the initial price amounting Rp. 6.000.000,00 per sheet.

On August 31, 2014, PT. GHI sold 50 sheets of Bonds in the Indonesia Stock Exchange through the securities company PT. MNO Sekuritas too PT. JKL for Rp. 7.000.000,00 per sheet.

The calculation of payable discount and final Income Tax by PT. GHI are as follows:

• • discount	=	(Rp. 7.000.000,00	-	Rp.
	=	6.000.000,00) x 50		
		Rp. 50.000.000,00		
• • Final Income Tax	=	15% x Rp. 50.000.000,00		
	=	Rp. 7.500.000,00		
		Withheld by PT. MNO Sekuritas as intermediary.		

• Description:

non-interest bearing debt securities discount subject to final Income Tax withholding at any time of sales, as long as:

the sales are conducted through the intermediary or direct buyer designated as tax withholding;

the Bonds seller does not excluded from Income Tax withholding.

At the due date / Bonds settlement, of the final discount subject to final Income Tax.

MINISTER OF FINANCE,

Signed,

AGUS D.W. MARTOWARDOJO



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