

## Unified WHT return

## Streamlining WHT obligations performance procedure

The Director General of Taxation (DGT) is keen to streamline the way taxpayers should carry out their monthly withholding tax (WHT) obligations. Effective from April 2022, only a single monthly WHT return is required for a single month, unifying the reporting of all types of WHT, from WHT 4(2), WHT 15, WHT 22, and WHT 23 to WHT 26 currently dealt with separately in different WHT returns. As provided in DGT Reg. 24/PJ/2021 (PER 24) issued in late December 2021, taxpayers may adopt the new WHT system as early as January 2022, but not later than April 2022.

Firstly launched in January 2021 through DGT Reg. 23/PJ/2020 (PER 23), the new system was introduced as a pioneer project covering only a selected number of taxpayers registered with the LTO, foreign investment (PMA) tax offices, and middle tax service offices. PER 24 suggests that the enhanced new system should apply to all taxpayers.

Unlike the original version which still gave a limited space for paper documents, the enhanced version relies almost entirely on an electronic process. WHT slips can only be prepared electronically by the DGT-provided application, *Applikasi e-Bupot Unifikasi*, which can be obtained on the DGT's website ([www.pajak.go.id](http://www.pajak.go.id)). Every piece of tax withholding in general should be made on a "Standard WHT Slip" bearing a built-in numbering code and basic verification algorithm and integrated with the bigger part of the DGT system. This feature not only enhance the validity of the WHT given that every piece of tax withholding must be supported by a set of transaction documents. It also ensures WHT data integration: what you claim as an expense payable to a party and on which you make a WHT will show up as an income of that party. With that feature, preparing a monthly WHT return is just a step further as the tax payment is dealt with by *e-billing*, another application provided by the DGT.

PER 24 suggests, though, not all types of transaction can be handled with the Standard WHT Slip. Specifically, it declares that for a limited number of transactions, certain documents, in the form of paper or of an

Documents bearing the Standard WHT Slip status <span>1</span>	
Transaction/item	Documents bearing the Standard WHT Slip status
1. Bank deposit/saving interest, BI interest, and current account service fees	a. Saving book/account
2. Interest/discounts on State Bonds, other State Debt Securities, and Regional Administration Bonds	b. Current account
3. Sales of shares on Indonesian Stock Exchange, including founder shares, non-founder shares, and venture capital shares	c. Securities account
	d. Custodian account
	e. Other equivalent documents (paper or of electronic type)

electronic type, commonly used for those transactions to bear the same status as a Standard WHT Slip (Box 1). Such documents may be prepared in accordance the tax withholder's system including the numbering code. However, they should bear a minimum set of information comparable with that for Standard WHT Slip: (1) the name of the party being withheld; (2) unique transaction number; and (3) the amount and the type of WHT made. Missing any piece of the minimum information may render the documents useless for tax implying non-performance of WHT obligations.

Under PER 24, there are only two types of WHT slips: one pertains to domestic taxpayers in respect of WHT 4(2), WHT 15, WHT 22, and WHT 23; the other for foreign taxpayers in respect of WHT 26 and WHT 4(2). A single WHT slip can only be used for a single type of WHT pertaining to a single taxpayer being withheld for a single month. However, a "combined WHT slip" is allowed to cover several transactions pertaining to a single taxpayer for a single month provided that they bear the same type of WHT and WHT object code.

In general, one does not need to prepare any WHT slip if there is nothing to withhold. However, WHT non-existence should be distinguished from situations where WHT due is exempt or set to zero pursuant to certain concessions or facilities. PER 24 determines a specified number of such situations where WHT Slip must still be made (at zero amount) though virtually there is nothing to withhold (Box 2).

#### Situations where WHT slip must still be made despite nil WHT or exemption

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1. WHT is nil or exempt due to an Exemption Certificate (SKB)
2. Transactions conducted with a "small" taxpayer with a confirmed "GR 23/2018 Certificate" (*Surat Keterangan PP 23/2018*)
3. WHT 26 is nil pursuant to a tax treaty in force supported by the relevant Certificate of Residence (CoR) and/or duly a completed Certificate of Domicile (DGT Form)
4. The WHT due is borne by the Government
5. The WHT is granted an income tax facility
6. The tax withholding is made with a tax payment slip or other equivalent documents.

Non-compliance may end up the designated tax withholder bearing the WHT due plus interest and other administrative sanctions in a tax audit. It is therefore important to understand whether or not a transaction is subject to WHT and, if so, what type of WHT and WHT object code are applicable.

Please contact us to get more insight about this matter.

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