

# Dividend Tax Clarification 2026: Implications for Corporate Income Tax Reporting in Coretax

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**Highlight**  
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In this Tax News Highlight 04/2026, we would like to highlight two key developments:

1. The issuance of Internal Memo No. ND-1/PJ/PJ.02/2026 dated 3 February 2026, which provides clarification on the income tax treatment of dividends distributed without a General Meeting of Shareholders (GMS) or not classified as interim dividends.
2. The digitalization of tax administration through the implementation of Coretax, including the update of XML templates for Corporate Income Tax Return (CITR) reporting as of 7 April 2026.

The combination of these substantive clarifications (dividend tax treatment) and administrative enhancements (XML-based reporting) reflects a policy direction that increasingly emphasizes data consistency and structured compliance.

In this context, taxpayers are expected not only to understand tax regulations from a normative perspective, but also to ensure that such treatment is accurately reflected in their tax reporting.

## 1. DGT Clarification on Dividend Tax Treatment

Through Internal Memo ND-1/PJ/PJ.02/2026, the Directorate General of Taxes (DGT) reaffirms that dividends are generally subject to Income Tax, unless certain criteria are met for exemption.

In practice, this clarification serves as an important reference that taxpayers should take into account in managing their tax compliance and potential risks.

A key point emphasized is that dividends eligible for exemption must be distributed through a GMS or as interim dividends in accordance with prevailing laws and regulations. DGT also recognizes decision-making mechanisms outside a GMS, provided they have equivalent legal standing, such as circular resolutions as regulated under Article 91 of the Company Law, as long as they are approved by all shareholders.

This clarification is particularly relevant given that, in practice, various forms of profit distribution may not always be formally documented, yet substantively resemble dividend distributions. In this regard, DGT also highlights the potential existence of disguised dividends, referring to economic benefits distributed to shareholders that are not explicitly declared as dividends but effectively constitute profit distribution.

Dividends that do not meet the criteria of valid distribution mechanisms cannot be treated as exempt from Income Tax. Consequently, the following withholding tax treatments apply:

- 10% final tax for Indonesian individual taxpayers
- 15% (Article 23 Income Tax) for Indonesian corporate taxpayers
- 20% (Article 26 Income Tax) or applicable tax treaty rates for foreign taxpayers

If such dividend distributions are received by shareholders holding a Tax Exemption Certificate (*Surat Keterangan Bebas / SKB*), the following applies:

- For Indonesian individual taxpayers, the SKB does not apply and the dividend remains subject to 10% final tax
- For Indonesian corporate taxpayers, Article 23 withholding does not apply, however, the income must still be reported in the annual corporate income tax return

This clarification highlights that the existence of an SKB does not automatically eliminate tax obligations, but must be understood in the context of the nature of income and applicable tax treatment.

## 2. Role of Coretax and XML in Enhancing Data Consistency

DGT has updated the XML templates for Corporate Income Tax Return reporting as of 7 April 2026, which are used within the Coretax system to import data for certain SPT attachments in a more structured manner.

The use of XML represents a shift from a more flexible reporting approach to a structured, data-driven framework. In practice, several key aspects should be considered:

- Data structure must remain consistent
- Income classification must be accurate from the outset
- Interconnection between data becomes more transparent
- System limitations need to be considered

In this context, XML serves not only as an administrative tool but also as a mechanism to promote discipline in data preparation and management.

## 3. From Technical Issue to Governance Matter

These developments indicate that tax matters, including dividend treatment, are evolving from purely technical issues into governance matters.

Companies are no longer only expected to ensure that tax calculations are correct, but also to ensure that:

- business decisions (e.g., dividend distributions) are supported by valid documentation,
- tax treatment aligns with applicable regulations, and
- all positions are consistently reflected in the reporting system.

Within the Coretax environment, where data serves as the primary basis for tax monitoring, even minor inconsistencies may lead to further clarification by DGT.

#### 4. Key Actions for Taxpayers

In light of these developments, taxpayers may consider the following actions:

##### a. Review dividend distribution policies

Ensure that all dividend distributions:

- are carried out through valid mechanisms (GMS, interim dividend, or equivalent),
- are supported by adequate documentation, and
- comply with applicable laws and regulations.

##### b. Ensure proper tax classification

Clearly identify whether dividends:

- are taxable or exempt,
- subject to final tax or not, and
- require withholding obligations.

##### c. Align data preparation with XML template requirements

When using XML templates, taxpayers should consider the following technical aspects:

- Do not separate supporting files from their folders when extracting RAR/ZIP files
- Ensure the use of the latest template and do not modify the predefined column structure
- Validate data prior to conversion to ensure completeness and consistency
- Ensure Excel files are closed before running the conversion process
- Ensure the XML file size does not exceed the applicable limit (maximum 100 MB)

For smoother processing, it is advisable to perform conversion and upload in stages, starting with smaller volumes (max. 50,000 row) and gradually increasing based on system capacity (e.g. 60,000 row).

Beyond these technical aspects, it is important to understand that successful data import depends not only on format compliance but also on the quality and consistency of the data.

#### **d. Strengthen internal coordination**

Coordination among:

- management,
- finance team,
- tax team, and
- external advisors

is key to ensuring that tax treatment is not only technically correct but also administratively consistent.

### **Conclusion**

The DGT clarification through Internal Memo ND-1/PJ/PJ.02/2026 highlights the importance of clarity in dividend tax treatment, particularly in distinguishing between dividends that qualify for exemption and those that do not.

At the same time, the implementation of Coretax and XML-based reporting reinforces the need for consistency and accuracy in data. In this environment, tax compliance is no longer determined solely by understanding regulations, but also by the ability to manage data and reporting processes in a structured manner.

While these developments present challenges, they also provide an opportunity for taxpayers to build a more robust, measurable, and sustainable compliance framework.

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