

The background of the page features a close-up, slightly blurred image of numerous silver coins scattered across the top and middle sections. In the upper right corner, a clear glass is tilted, with some coins appearing to be falling or having just fallen into it. The overall aesthetic is clean and professional, with a light gray and white color palette.

Natura Tax Based on the Minister of Finance (MoF) Regulation No. 66 of 2023

The Government recently issued Regulation of the Minister of Finance of the Republic of Indonesia Number 66 of 2023 concerning Income Tax Treatment for Reimbursement or Compensation in Relation to Work or Services Received or Obtained in the Form of Natura and/or Benefit ("**MoF Regulation No. 66 of 2023**") which came into effect on July 1, 2023. One of the reasons behind the issuance of this Regulation is that there is still a legal vacuum in the Regulation of the Minister of Finance of the Republic of Indonesia No. 167/PMK.03/2018 concerning Provision of Food and Beverage to All Personnel as well as Compensation in the Form of Benefit or Natura in Certain Regions in Connection with Performance of Work that May Be Deducted from Employer's Gross Income ("**MoF Regulation No. 167 of 2018**") which is deemed not to have accommodated the need for adjustments to Income Tax treatment for reimbursement or compensation in connection with work or services, MoF Regulation No. 66 of 2023 acts as an implementing regulation of Government Regulation No. 55 of 2022. The issuance of MoF Regulation No. 66 of 2023 has repealed the MoF Regulation No. 167 of 2018 and declared it invalid.

MoF Regulation No. 167 of 2018 and MoF Regulation No. 66 of 2023 are two different regulations. Here's the explanation:

Different from MoF Regulation No. 66 of 2023, MoF Regulation No. 167 of 2018 is a regulation on the Provision of Food and Beverage to All Personnel as well as Compensation in the Form of Benefit or Natura in Certain Regions in Connection with Performance of Work that May Be Deducted from Employer's Gross Income. However, MoF Regulation No. 167 of 2018 has not yet accommodated regulations related to income tax adjustments on reimbursement or compensation in connection with work or services as stipulated in MoF Regulation No. 66/2023. On the other hand, MoF Regulation No. 66 of 2023 focuses on the income tax treatment for reimbursements or compensation received or obtained in the form of natura and/or benefits in connection with work or services and regulates the types of natura that are not tax objects, such as the provision of food/beverages for all employees, natura in certain regions, natura due to the necessity of work, natura provided in the context of social activities, natura provided in the context of sports activities to the examples of natura tax calculations.

By definition, natura tax is a tax imposed on goods and/or facilities provided by companies or employers to its employees, not in the form of money. Natura tax is an object where ownership or function is given to support the employee's productive (economic) activities. Natura tax has already been stipulated in Article 4, paragraph (1) of Income Tax Law No. 7/2021 on Harmonization of Tax Regulations.

Although it sounds unfair, not all office benefits or facilities are subject to the natura tax, and some are exempt, so the enactment of the natura tax does not need to be worried. The Government imposes natura tax to eliminate companies that do tax avoidance. In addition, the facilities provided by the company to employees are not part of the income reported in the Annual Notification Letter, even though the benefits or office facilities are an additional economic value of the office.

Based on the current Regulation, MoF Regulation No. 66 of 2023, the benefits or office facilities subject to natura tax are as follows:

1. Food/beverages coupons for employees on business trips, worth more than Rp2,000,000/employee;
2. Gifts besides holiday gifts worth more than Rp3,000,000/employee;
3. House/Apartment rental facilities worth more than Rp2,000,000/month;
4. Vehicle facilities provided to the employees with an average salary in 12 months reaching Rp100,000,000/month;
5. Golf, horse racing, power boating, gliding, and automotive facilities that worth any amount.

Meanwhile, the benefits exempted from the imposition of natura tax according to MoF Regulation No. 66 of 2023:

1. Food/beverages provided to all employees in the workplace without limitation;
2. Standard safety, health, and security facilities, including uniforms, safety equipment, medicine/vaccines;
3. Facilities and amenities for employees and their families working in certain regions;
4. Religious holiday gifts with no value limit;
5. Work equipment and facilities such as laptops, computers, cell phones, credit, and internet;
6. Healthcare facilities and medication in handling work accidents, occupational illnesses, and emergencies;
7. Sports facilities other than golf, horse racing, power boating, gliding, and automotive with a maximum of Rp1,500,000/year;
8. Communal living facilities with no value limit and non-communal living facilities with a maximum of Rp2,000,000/month;
9. Vehicle facilities, if the employee is not a shareholder and the gross income is not more than Rp100,000,000/month;
10. Contribution facilities to pension funds borne by the employer to employees;
11. Religious Facilities such as musola, mosques, temples, and others.

What's Next?

Regarding the clarity in the details of office benefits or facilities that are subject to natura tax and those that are exempt from the imposition of natura tax, MoF Regulation No. 66 of 2023 still has some ambiguities, especially in the technical calculation of natura tax and its calculation in Personal Income Tax (PPH 21). For example, in calculating natura tax imposition on vehicle facilities for non-shareholder employees with a gross income of not more than Rp.100,000,000/month, what is the technical calculation of tax imposition in this case? Is the tax imposed following the calculation of vehicle tax per year, or is there any particular calculation, such as the difference in the imposition of natura tax on food coupons and gifts? Thus, this still needs to be addressed further to provide certainty on regulated matters.

Contact Us:



Andy R. Wijaya
Partner
andy@resolva.law



Citra Astari
Associate
citra@resolva.law



Cindy Rahmatya H.
Junior Associate
cindy@resolva.law