

MSME TAXES & FINAL TAX RULES

SIMPLE TAX, STRONG BUSINESS, BRIGHT FUTURE

The government provides tax facilities for Micro, Small, and Medium Enterprises (MSMEs) to support business growth and encourage compliance. Final Tax is a simplified mechanism with a low rate, easy calculation, and final obligation



WHAT IS MSME TAX ?



MSMEs are business actors with certain turnover limits that receive convenience in taxation through lighter rates, simplified procedures, and facilities to encourage business growth and compliance.

WHAT IS FINAL TAX

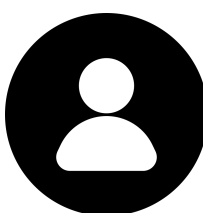


[FINAL TAX IS AN INCOME TAX IMPOSED AT A CERTAIN RATE AND IS FINAL, MEANING IT CANNOT BE CREDITED AGAINST ANNUAL INCOME TAX OBLIGATIONS.

TAX FOR MSMEs (PP 23/2018)



FINAL INCOME TAX RATE 0.5% OF GROSS TURNOVER (FOR ANNUAL TURNOVER UP TO IDR 4.8 BILLION)



WHO IS ELIGIBLE? INDIVIDUAL OR CORPORATE TAXPAYERS WITH GROSS TURNOVER UP TO IDR 4.8 BILLION IN ONE TAX YEAR.A



CHARACTERISTICS CALCULATED ON GROSS TURNOVER, NOT ON PROFIT. FINAL AND CANNOT BE CREDITED. PAID MONTHLY. EASY CALCULATION AND REPORTING.



OBLIGATIONS REPORT IN THE ANNUAL TAX RETURN (SPT). MAKE PAYMENTS VIA BILLING CODE 411128.

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final tax rules



PURPOSE
To simplify tax obligations and provide legal certainty for taxpayers, especially MSMEs



RATE % 0.5% of gross turnover for MSMEs (annual turnover up to IDR 4.8 billion)



FINAL NATURE The tax is final, meaning it cannot be credited against annual income tax



TRANSITION Taxpayers with turnover above IDR 4.8 billion in a tax year will use normal tax provisions starting the following year.

BENEFITS FOR UMKM



LIGHT TAX BURDEN
Rate is only 0.5% of gross turnover.



EASY & PRACTICAL
Simple calculation and payment, no complicated bookkeeping.



LEGAL CERTAINTY
Clear rules and final tax status.



SUPPORT BUSINESS GROWTH
More capital and cash flow to develop the business.

EXAMPLE OF CALCULATION

Annual Turnover : IDR 3,000,000,000

Final Tax Rate : 0.5%

Final Tax Payable

= 0.5% x IDR 3,000,000,000
 = IDR 15,000,000 per year



Paid monthly:
 IDR 15,000,000 / 12
 = IDR 1,250,000 per month

IMPORTANT NOTES



EXCEEDING THE TURNOVER LIMIT
If annual turnover exceeds IDR 4.8 billion, the taxpayer must use normal tax provisions starting the following tax year.



CHANGE OF STATUS
If turnover drops again below IDR 4.8 billion, the taxpayer may return to using the 0.5% final tax scheme in the next year.



RECORD KEEPING
Even though it is simple, taxpayers must still keep basic records of turnover.