

Number : KSEI-0087/DIR/0121
Attachment : -
Letter Classification : General

January 7, 2021

**To: Board of Directors of Issuers;
To: Board of Directors of Account Holders
To: Board of Directors of Registrars**

Re: Taxation of Dividend Income for Institutional Domestic Taxpayers' Post-Implementation of Law Number 11 of 2020 on Job Creation

Dear Sir/Madam,

Referring to Law of the Republic of Indonesia Number 11 of 2020 on Job Creation, Article 4 Paragraph (3) Letter F Number 1 and Directorate General of Taxation Letter Number S-13/PJ.03/2020, dated December 30, 2020, which confirmed that:

a. dividends that receive tax exemptions are

1) domestic dividends received by the following Taxpayers:

a) Domestic Individuals as long as the dividend is invested within the territory of the Unitary State of Indonesia within a certain time frame; and/or

b) domestic institutions;

b. dividends that are exempted from being the object of income taxes, as mentioned on item "a," are:

1) dividends that are received, obtained, or decided to be given to the domestic taxpayer since the issuing of Law Number 11 of 2020; and

2) distributed based on the general meeting of shareholders or interim dividend distributions pursuant to existing laws and regulations;

c. during the transition period between the implementation of Law Number 11 of 2020 and the issuing of the Minister of Finance Regulation (PMK) as mentioned in:

1) item letter "a", number "1)", letter "a)", mandatory income tax exemption will still be implemented pursuant to existing tax laws and regulations;

2) item letter "a", number "1)", letter "b)", no income tax exemption for Tax Withholders that are not required to have Notice of Tax Exemptions (SKB);

Therefore, the Indonesia Central Securities Depository will implement the following:

1. KSEI will implement a tax rate of 0% for Domestic Institutional Tax Payers which are Issuers that have distributed their dividends with a Shareholder Register's record date of January 4, 2021, and beyond.

Member Entitlement Reports received by Account Holders for dividends will also include the 0% tax rate for Domestic Institutional Taxpayers.

2. Issuers that have distributed their dividends with a record date between November 2, 2020, and January 4, 2021, can request a Tax Quick Refund for Domestic Institutional Taxpayers through KSEI by following the mechanisms and time frames that have been informed by KSEI to each Issuer through email.

Payment schedules for Tax Quick Refund for Domestic Institutional Taxpayers through KSEI will be announced further to Account Holders after the the Tax Quick Refund funds from Issuers are received by KSEI.

For further questions on the tax implementation, please contact our Corporate Action Unit at the following email address: tk@ksei.co.id

Thank you for your kind attention and cooperation.

Sincerely yours,

Supranoto Prajogo
Director

Hartati Handayani
Head of Custodian Services Division

CC:
Board of Directors of Indonesia Central Securities Depository