

# Article 25 income tax installments for 2020



On 3 April 2020, the Directorate General of Tax ("DGT") issued press release No. SP-13/ 2020 in relation to the corporate income tax ("CIT") rate reduction for fiscal years 2020 and 2021 from 25% to 22%, and further decrease to 20% starting fiscal year 2022 under Government Regulation in lieu of Law No. 1/ 2020 ("PERPPU-1").

In the press release, the DGT stated that to calculate the corporate income tax ("CIT") payable for fiscal year 2019, corporate taxpayers must use the CIT rate of 25%.

As a result of the reduction in the CIT rate for fiscal year 2020, the Article 25 monthly income tax installments calculation and instalment payments for fiscal year 2020 must apply the new lower CIT rate of 22%, starting from the tax period when the 2019 annual CIT return is submitted and the subsequent tax periods.

For taxpayers that have not yet submitted their 2019 annual CIT returns up to the end of March 2020, the Article 25 income tax installments calculation and instalment payments for fiscal year 2020 are as follows:

- ▶ Article 25 income tax installment for the tax period of March 2020 (which should be paid by 15 April 2020) is the same amount as the previous tax period installment amount.
- ▶ Article 25 income tax installment for the tax period of April 2020 (which should be paid by 15 May 2020) is calculated based on the taxable income reported in 2019 annual CIT return, and applying the new CIT rate of 22%.

The Government appeals for corporate taxpayers to immediately submit their 2019 annual CIT returns so that the corporate taxpayers can start to utilize the reduced CIT rate of 22% on their Article 25 monthly income tax installments.

The press release notes that tax is the main source of the State revenue and it is a way for taxpayers to contribute in assisting the Government to overcome the COVID-19 crisis and to assist others, especially the ones that are affected by the COVID-19 crisis.

Taxpayers with substituted year ends (e.g. June, September, March) should check to confirm, which is fiscal year 2020, and seek advice on the application of the new rules.

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