

# PPH 21 & TER PPH 21

## WHAT'S THE DIFFERENCE?



### PPH 21

Income Tax Article 21 is a tax imposed on income in the form of salaries, wages, honoraria, allowances and other payments by name and in any form related to work or position, services and activities carried out by individuals with domestic tax subject status. The income tax withholding rate of Article 17 paragraph (1) letter a of the Income Tax Law uses a progressive tax rate based on the layer of taxable income.

### BECOME TER PPH 21

The calculation of income tax and withholding PPh 21 is quite complicated and the calculation formula is confusing, therefore it is necessary to simplify and simplify accounting and withholding as well as administrative control that does not burden taxpayers in fulfilling tax obligations correctly. The government also confidently says that the TER System does not add new tax burdens, because it is basically a monthly and daily tax calculation method.



### PPH 21

**Advantages:**  
Although the calculation system is complicated and confusing, the tax withheld in pph 21 from the beginning to the end of the period does not change so it does not burden the taxpayer with the deduction.

**Disadvantages:**  
The calculation formula is quite complicated and confusing because it uses the pph withholding rate article 17 paragraph (1) from the beginning of the month to the end of the period.



### TER PPH 21

**Advantages:**  
A simpler calculation formula makes it easier to calculate by taxpayers who want to try to calculate their own taxes.

**Disadvantages:**  
Because the changes in the formula that occur cause changes in tax deductions where previously from the beginning to the end of the period the tax deduction was the same when the formula was changed causing the tax deduction at the end of the period to be greater because in months 1-11 the tax deduction was reduced using the TER formula.