
Analysis of Article 23 Income Tax Treatment for Heavy Equipment Rental with a Lessee-Borne Tax Clause

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Abstract: This study aims to identify the treatment of Article 23 Income Tax at Internship Company in accordance with applicable regulations. This research is descriptive, which is carried out by systematically collecting and presenting data on an actual problem, then the researcher will analyze it and draw conclusions based on the data presented in this study. Thus, the results of the research on the collection and calculation system of Article 23 Income Tax on heavy equipment rental transactions at Internship Company are in accordance with applicable regulations. And based on the data presented as a company with tax-free entrepreneur status, Internship Company has fulfilled its obligations as a Taxpayer. However, in the calculation of Article 23 Income Tax outside the rental price given to the lessee. Until Internship Company receives net income minus the deduction of Article 23 Income Tax which is the responsibility of the lessee. Thus, the tax administration system implemented at Internship Company is quite effective and in accordance with procedures so as to minimize the potential for errors and tax administration sanctions.

INTRODUCTION

The tax sector in Indonesia continues to undergo changes in line with increasingly dynamic economic growth. In an effort to increase State revenue and provide legal certainty and convenience for taxpayers. The government has implemented a series of reforms in the field of taxation, aiming to enhance both regulatory frameworks and administrative processes. One significant effort within these reforms is the reinforcement of tax regulations, accompanied by improvements in the quality of services delivered by the Directorate General of Taxes. These initiatives are intended not only to create a more transparent and efficient tax system but also to increase compliance and foster greater trust between taxpayers and the government. According to Mardiasmo (2016), "taxes are contributions paid by the people to the state that enter the state treasury, the implementation is based on laws and imposed on the people without any direct retribution because it is used by the state to make payments in the public interest." The progressive tax system is implemented in Indonesia which means that the tax rate will increase in line with the amount paid by taxpayers imposed on the income of individuals and business entities during one tax year. Based on the Law on Harmonization of Tax Regulations Number 7

of 2021 concerning "income tax, article 23 is the rate imposed on income derived from capital, gifts, and service delivery other than those that have been deducted from article 21 income tax."

In its application, the lessee provides income is obliged to deduct a certain amount that has been regulated in the laws and regulations from the total amount given to the income recipient. After the tax collection or with holding is carried out, it is deposited into the state treasury as part of the tax obligation of the income provider to ensure that the income earned by the taxpayer from certain sources has been taxed before being received. The heavy equipment industry has great potential to support the development of infrastructure in the State of Indonesia so that the business field that is currently growing rapidly is heavy equipment rental services, and this rear heavy equipment rental transaction often occurs in the construction, mining, and other industries industries. Heavy equipment rental transactions are one of the tax objects, heavy equipment rental service companies are required to comply with applicable tax regulations, one of which is the collection and calculation of income tax article 23 on heavy equipment rental transactions. The income tax collection system article 23 is With Holding System, which is a tax collection system that authorizes a third party that has been appointed to determine the amount of tax owed by taxpayers in accordance with applicable tax regulations. The party who is given the authority is determined and selected based on tax laws and regulations, presidential decrees, and regulations governing tax deduction and collection procedures (Resmi, 2011).

As the basis of tax regulations that are still used today according to the "Regulation of the Minister of Finance Number 141/PMK.03/2015, the income provider (tax deductor) deducts Article 23 Income Tax at the time when the income is paid, provided for payment, or when the payment is due depending on which occurs first." Income in the form of dividends, interest, or rent on the use of property is subject to income tax article 23 and the rates charged vary, for example, rates for dividends, royalties, interest, gifts, and awards are subject to a rate of 15% and for certain service or rental fees are subject to a rate of 2%. Nevertheless, the regulation further specifies that individuals or entities who receive income but fail to possess a valid Taxpayer Identification Number (NPWP) are subject to a significantly higher tax burden. In such cases, the applicable tax rate is set at double the standard rate, meaning it will be imposed at 100% above the normal tariff.

Table 1. Income Tax Rate Article 23

Income Rate or Tax Object	Rate Article 23	Information
Dividend, Interest, Royalty	15%	Taxed on the gross amount of income received or earned by domestic taxpayers.
Prizes, Awards, Bonuses, etc.	15%	Valid for prizes other than those withheld from Final Income Tax.
Rent other than land and/or building	2%	Charged on the gross amount of asset lease other than land and/or building, including heavy equipment rental.
Engineering Services, Management Services, Consulting Services	2%	Imposed on the gross amount of service rewards received or obtained by domestic taxpayers.
Construction Services	2%	Valid for non-final construction services that are not subject to final income tax.
Other Services	2%	Includes a variety of other professional services that do not fall under the category of engineering,

		management, or consulting services.
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Source: djpb.kemenkeu.go.id (2025)

An internship company is one of the companies engaged in the rental of heavy equipment that is quite large in the city, the internship company provides services in the form of business leases and often conducts heavy equipment rental transaction activities in the form of tools such as: Forklifts, Cranes, Excavators, and Bulldozers. Thus, considering the importance of taxes in building the country's economy and the potential for errors that can occur in tax treatment both in terms of collection and calculation that are not in accordance with recognized regulations, this study aims to analyze tax treatment, especially in the system of collecting and calculating income tax article 23 on heavy equipment rental transactions applied to apprentice companies in fulfilling tax obligations and impacts and sustainability the company's contribution to the state.

RESEARCH METHOD

This research is descriptive, which is carried out by collecting and presenting data systematically about an actual problem and analyzing and drawing conclusions from it. According to Adiputra et al., (2021) Descriptive research refers to a methodological approach that focuses on portraying and explaining existing phenomena, whether they occur naturally or are the result of human activity. Its primary objective is to provide a clear and systematic depiction of the subject under study rather than to generate broader generalizations or causal explanations. In the context of this research, the selection of samples follows the framework outlined by Sugiyono (2017), who defines a sample as a subset of the population that serves as the primary source of data. The population itself is characterized as the total set of individuals or elements sharing specific attributes relevant to the study. Furthermore, the sampling technique employed in this study is guided by the principles explained by Sugiyono (2016), emphasizing the importance of identifying and determining the most appropriate subset of the population to ensure that the data collected accurately represents the research objectives. Referring to the sample described above, this study conducted a sampling of data processing on heavy equipment rental transactions at an internship company.

In this research, the data utilized are categorized as secondary data. As explained by Sugiyono (2012), secondary data refers to information that is not obtained directly from the primary source or the original subject under investigation. Instead, it is acquired indirectly, often through intermediaries such as reports, written documents, publications, or information provided by other individuals. This type of data is commonly employed in academic studies because it allows researchers to analyze and interpret existing information without having to conduct the initial process of data collection themselves. This data contains research supporting information obtained and processed from internal sources of internship companies and other external sources obtained through research journals, books, and publications of previous research results. According to Sudijono (2011) interviews are a method of data collection used to obtain information, this process is carried out by an oral question and answer process unilaterally, directly, and with special purposes. In this study, the researcher obtained research sources with a question and answer process to leaders and employees of internship companies to obtain information about tax treatment, especially on the collection system and calculation of heavy equipment rental transactions. Meanwhile, documentary research is research that focuses on analysis or interpretation based on context in the form of notes, textbooks, newspapers, articles, and the like (Abdussamad, 2021).

RESULT AND DISCUSSION

The implementation of the Income Tax collection system article 23 according to PMK No. 141/PMK.03/2015.

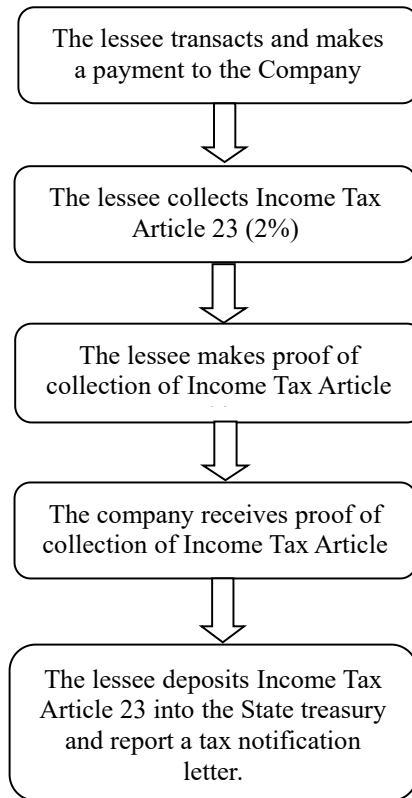


Figure 2. Flow of the Income Tax Collection System Article 23
Source: Data Processed

From the Flow Chart that has been described above, the procedure for collecting income tax article 23 on heavy equipment rental transactions is carried out by the lessee to the heavy equipment rental company. "The procedure regulated in the Regulation of the Minister of Finance Number 141/PMK.03/2015 as the basis for the collection of income tax article 23 is one of which is on heavy equipment rental transactions."

Implementation of Calculation Procedures in accordance with the Regulation of the Minister of Finance Number 141/PMK.03/2015.

Based on the Regulation of the Minister of Finance Number 141/PMK.03/2015, the procedure for calculating Income Tax Article 23 on heavy equipment rental transactions is the collection of tax amounts calculated from the amount of income of the income recipient (the Company), for example, the lessee needs heavy equipment to shorten the movement of goods and the lessee negotiates with the heavy equipment rental company, when negotiations occur, it is known that the heavy equipment rental company is not confirmed as a subject entrepreneur tax and From negotiations between the lessee and the heavy equipment rental company, a decision was obtained between the two parties with a heavy equipment rental price of IDR 10,000,000 and

this heavy equipment rental transaction was carried out in June 2024. In accordance with the Regulation of the Minister of Finance No. 141/PMK.03/2015, it is stipulated that lessees have the responsibility to withhold Income Tax under Article 23 from heavy equipment rental companies, based on the amount of income payable. Once the withholding of Article 23 Income Tax has been carried out, the lessee is further required to remit the collected tax to the state treasury within the prescribed period. This mechanism ensures that the tax obligations of rental service providers are met through the intermediary role of the lessee. To provide clarity, the regulation also includes examples of billing procedures and tax calculations that illustrate the correct implementation of these provisions in line with the requirements of the Ministerial Regulation:

Table 1. Example of Income Tax Calculation Article 23

Formula = Income Tax Rate x Gross Amount	
Rental Price	IDR 10,000,000
Income Tax Article 23 (2%)	<u>IDR 200,000</u> -
Net Income	IDR 9,800,000

Source: Data Processed

On the Collection of Income Tax Article 23 above, The Lessee

- It is mandatory to make proof of income tax collection article 23 and submit the proof of collection to Heavy equipment Rental Company.
- Must deposit and report the Collection of Income Tax Article 23 on the Heavy Equipment Rental Transaction in the Tax Period Notification Letter for June 2024 in accordance with the provisions of laws and regulations.

Discussion

Based on the analysis of research on internship companies, the tax treatment applied by the company to the collection and calculation system obtained the following findings:

Implementation of Article 23 Income Tax collection system in Internship companies

In the Regulation of the Minister of Finance Number 141/PMK.03/2015, Article 23 Income Tax includes the With Holding system, meaning that the lessee makes deductions or collections and deposits Article 23 Income Tax into the State Treasury. After the Collection is carried out, it is mandatory to report and the Proof of Collection must be given to the Company. Based on the results of the analysis on the internship companies implementing the Article 23 Income Tax collection system for heavy equipment rental transactions are:

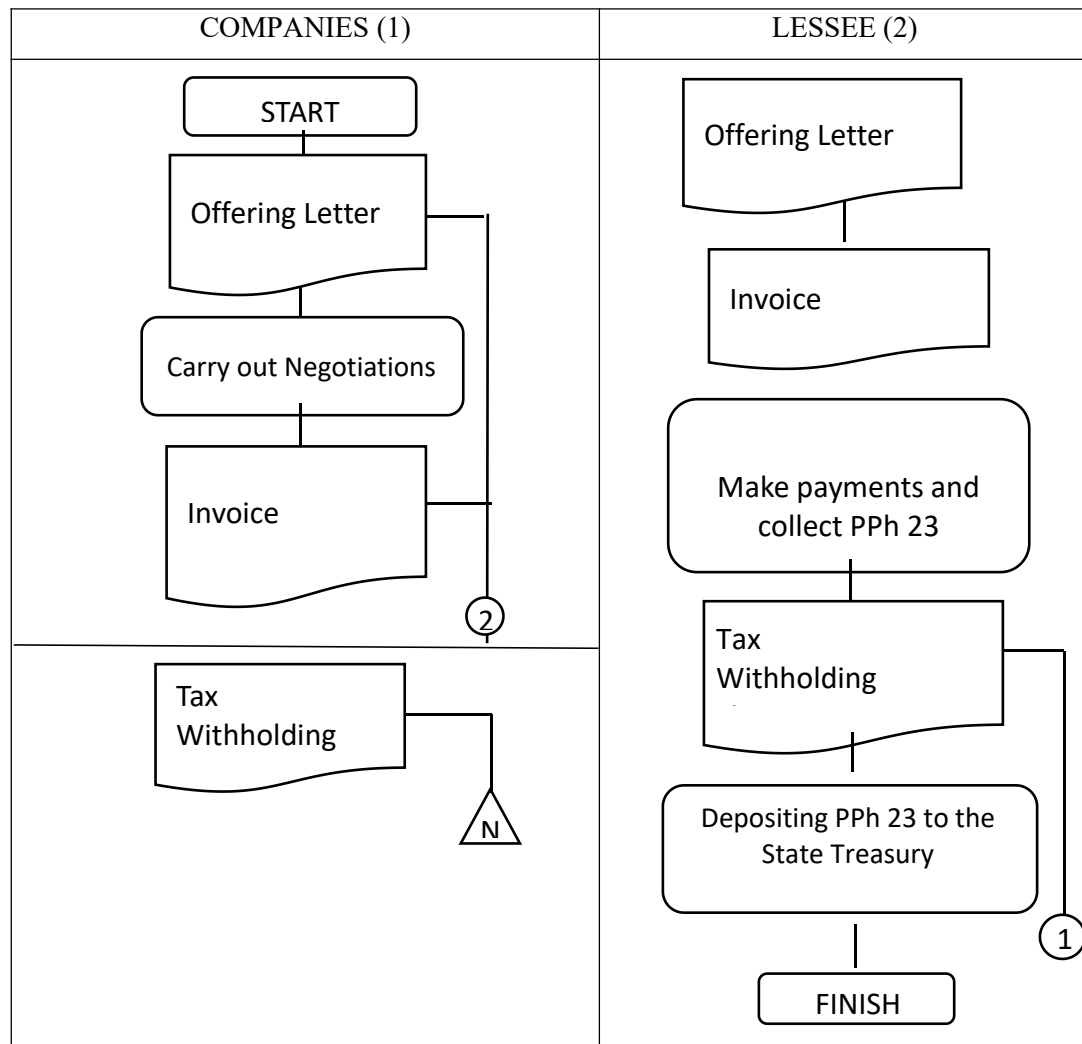


Figure 3. Flowchart of Article 23 Income Tax collection system for intern companies
Source: Internship company

From the flowchart previously outlined, it can be inferred that the application of the Article 23 Income Tax collection system in relation to heavy equipment rental transactions within internship companies is carried out in compliance with the provisions stipulated under the Regulation of the Minister of Finance No. 141/PMK.03/2015. The analysis further indicates that the responsibility for withholding or collecting and subsequently remitting the Article 23 Income Tax to the State Treasury lies with the lessee, who acts as a third party in the transaction process.

Calculation of Income Tax Article 23 on Heavy Equipment Rental Transactions at Internship Companies

The calculation of Article 23 Income Tax in the internship company is not included in the agreed rental price. The Income Tax Rate Article 23 is in accordance with the Regulation of the Minister of Finance Number 141/PMK.03/2015, which is 2% because the internship company is a company that has a Taxpayer Identification Number (NPWP). Based on the data on the

internship company, it is not confirmed as a Taxable Entrepreneur, then, the Company is only an income taxpayer article 23 and is not required to collect Value Added Tax to the lessee.

If the internship company conducts a heavy equipment rental transaction with the lessee and the heavy equipment is in high demand, then the internship company provides a price quote higher than the minimum rate determined, then the internship company will provide a rental price quote letter to the lessee that has been stated in the letter with the type of heavy equipment, rental price, mobilization (if needed), consumption for the operator (if required) and the price of machine fuel to be used. In the example that will be used as a research sample, the internship company conducts a heavy equipment rental transaction with the lessee with the type of heavy equipment to be used, namely a crane with a capacity of 3 tons. Because the distance traveled by heavy equipment is around 79.5 kilometers. So the calculation of mobilization will be greater than the rental price of heavy equipment because it calculates the depreciation of tires to the fuel that will be used in traveling to the area where the heavy equipment will be used. In addition to the rental price and mobilization, the lessee has the right to provide consumption to the Heavy Equipment Operator, because the operator is provided by the Apprentice Company, meaning that the heavy equipment is not unlocked.

As an illustration, the calculation of an example of a 3-ton crane rental price is in accordance with the agreement at a price of IDR 3,700,000, a mobilization rate of IDR 4,000,000, the consumption of heavy equipment operators of IDR 150,000, and heavy equipment fuel of IDR 250,000. Based on the information that has been attached, the system of collection and calculation of article 23 income tax on heavy equipment rental is carried out with a tax clause borne by the lessee and the clause must be agreed upon by the lessee so that the internship company gets rental income in accordance with the tax-free price. The tax calculation system at an internship company is as follows:

Table 2. Calculation of rental prices and collection of income tax article 23 for internship companies

Rental price (Crane 3 Ton)	IDR 3,700,000
Mobilization	IDR 4,000,000
Operator Consumption	IDR
150,000	
Diesel 40 liters/ Shift	<u>IDR 250,000 +</u>
Gross Income	IDR
8,100,000	
Income Tax Article 23 (2% x IDR 8,100,000)	IDR
162,000	

Source: Data Processed

So the tax that must be deducted is IDR 162,000. So that the payment that must be paid by the lessee is IDR 8,262,000. This means that the internship company receives a full income of IDR 8,100,000 without deducting taxes and the lessee also pays a tax of IDR 162,000.

Results of the analysis of the collection system and the calculation of income tax article 23 in internship companies on the conformity of the Regulation of the Minister of Finance No. 141/PMK.03/2015

1. Implementation of the Income Tax Collection System article 23

The collection mechanism for Article 23 income tax on heavy equipment rental within apprenticeship companies is carried out in line with the provisions of the Law on Harmonization of Tax Regulations (Law No. 7 of 2021) as well as the Minister of Finance Regulation No. 141/PMK.03/2015. Under this system, third parties are responsible for executing the process of withholding or collecting the tax, followed by the corresponding payment and reporting obligations. As a result, the company concerned obtains an official withholding or collection slip, which serves as valid evidence that the tax has been settled at the applicable rate of 2%.

2. Procedures for Calculating Income Tax Article 23

The application of the income tax calculation procedure article 23 to heavy equipment rental transactions at the internship company, namely all forms of transactions that are subject to tax will be borne by the lessee, in other words, the internship company receives net income from the rental price that has been agreed with the lessee.

CONCLUSION

Conclusion

The findings of the research conducted at the internship company indicate that the process of collecting and calculating Article 23 Income Tax on heavy equipment rental transactions has been carried out in compliance with the established regulations. Specifically, the company applies the withholding tax rate of 2%, as mandated under the Regulation of the Minister of Finance No. 141/PMK.03/2015. This demonstrates that the company's tax practices are aligned with the applicable legal framework and reflect adherence to proper fiscal procedures. However, the calculation in the collection of Article 23 Income Tax on the internship company is borne by the lessee. Thus, the tax administration system applied to this internship company is quite effective and in accordance with procedures so as to minimize the potential for errors or the occurrence of administrative sanctions.

Suggestion

Companies can evaluate the tax collection system periodically to ensure that the techniques used remain relevant and in accordance with the latest laws and regulations and find potential improvements to improve the efficiency of the system. And the government can participate in building and increasing supervision of taxpayers and it is hoped that this research can be used as a reference in future research to analyze differences in regulations or the impact of the implementation of the latest tax regulations in order to analyze the correlation, especially in income tax revenues in the field of heavy equipment rental.

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