

BIPO TIMES

Dec 2025 Vol. 100

www.biposervice.com

Southeast Asia's Labour Law & Employment Regulations

Overview

In this 100th edition of BIPO TIMES, we highlight a concise, practical overview of year-end obligations across key Southeast Asia destinations – Brunei, Indonesia, and the Philippines. Topics include:

Brunei: Medical Insurance Coverage Update for Foreign Nationals



Indonesia: Understanding Annual Tax Obligations and Compliance Requirements



Philippines : Tax Annualization and Reporting Considerations



Labour Law & Employment Regulations

Brunei: Medical Insurance Coverage Update for Foreign Nationals

Revision and Implementation of the Medical Insurance Policy for Foreign Nationals in Brunei: Important Updates for Employers

The Government of Brunei Darussalam has introduced significant revisions to the medical insurance requirements for foreign nationals residing or working in the country. These changes strengthen healthcare protection standards and reinforce employer compliance obligations.

For organisations employing foreign talent, understanding these revisions is essential to maintaining legal compliance and ensuring workforce stability.

Background: Timeline of Brunei's Medical Insurance Policy

The requirement for employers to provide medical insurance for foreign workers is not new. It was first formalised in 2015 through the Employment (Amendment) (No. 2) Order, which introduced Section 113A into the Employment Order, 2009. These mandated employers purchase medical insurance of at least B\$10,000 for each foreign worker.

On 24 February 2025, the Department of Labour announced a comprehensive revision to this policy. The update expands coverage requirements, increases minimum insurance amounts, and introduces a phased implementation approach to support a smooth transition for employers, insurance providers, and foreign nationals.

Why the Policy Was Strengthened

The revised framework aims to:

- Ensure foreign nationals have adequate access to essential healthcare services.
- Provide financial protection against rising medical costs.
- Promote responsible employment practices among organisations.
- Enhance overall workforce protection and stability.

In effect, the policy supports both employee welfare and employer risk management.

Key Policy Updates

1. Expanded coverage beyond foreign workers

The revised policy now applies to all foreign nationals, depending on their immigration pass or permit type.

2. Increased minimum coverage

Coverage amounts differ by Type of Immigration Pass /Entrance Permit, ranging from B\$5,000 to B\$100,000.

3. Alignment with immigration pass validity

Insurance coverage must remain valid throughout the entire validity period of the immigration pass.

4. Wider scope of medical services

Medical treatment shall include any service rendered for emergency care, trauma management, diagnostic investigation, pharmaceutical provision, curative materials, medical consumables, surgical implants, or any other item deemed necessary for the treatment of foreign nationals.

Implementation Timeline: Two-Phase Rollout

Phase 1 — Effective 1 July 2025

No.	Type of Immigration Pass / Entrance Permit	Coverage Period	Total Coverage (BND)
1	Domestic Helper Employment Pass Holder	Throughout the validity period of the Employment Pass	Min. of B\$100,000.00
2	Visit Pass Holder with a Visit Visa	Throughout the validity period of the Visit Pass	Min. of B\$10,000.00
3	Professional Visit Pass Business Visit Pass Holder	Throughout the validity period of the visit pass	Min. of B\$10,000.00 (for visit under 90 days) Min. of B\$100,000.00 (for visit over 90 days)
4	Permanent Residents of Brunei Darussalam who are foreign nationals under the category of Foreign Nationals contributing to the economy, development, and progress of the country, as well as under the category of Foreign Nationals in the professional group.	Throughout the validity period of the Entry Permit	Min. of B\$100,000.00

Phase 2 — Effective 1 January 2026

No.	Type of Immigration Pass / Entrance Permit	Coverage Period	Total Coverage (BND)
1	Employment Pass Holder (Private Company)	Throughout the validity period of Employment Pass	Min. of B\$100,000.00
2	Dependent Pass Holder (Spouse and Children who are not in school)	Throughout the validity period of Dependent Pass	Min. of B\$10,000.00
3	Student Pass Holder of Foreign Nationals	Throughout the validity period of Student Pass	Min. of B\$5,000.00

Exemptions Under the Revised Policy

The following groups are exempted:

- Work pass holders and officials from foreign embassies and high commissions.
- Foreign visitors with transit visas valid for less than 72 hours.
- Foreign nationals with direct agreements with His Majesty's Government or statutory bodies.
- Foreign workers insured with B\$10,000 coverage prior to implementation. However, please note that upon expiry, renewals must comply with the updated coverage requirements.

Employer Responsibilities and Compliance Requirements

Employers continue to bear full responsibility for providing valid insurance for their foreign workers. Key obligations include:

- Ensuring insurance coverage meets the revised minimum requirements.
- Aligning coverage duration with the employee's immigration pass.
- Not deducting insurance costs from the employee's salary.
- Renewing policies promptly to avoid coverage lapses.

Non-compliance may result in:

- Rejection of visa or pass applications.
- Non-renewal of work passes.
- Penalties and fines imposed on the employer.

Benefits to Employers: More Than Just Compliance

While the revised policy strengthens regulatory expectations, it also provides tangible advantages to employers:

- Reduced financial exposure to unexpected medical expenses.
- Improved workforce continuity, as employees have access to timely treatment.
- Enhanced workplace well-being, supporting productivity and retention.
- Stronger compliance posture, demonstrating responsible employment practices.

Ultimately, the policy helps create a safer and more stable workplace for both employers and employees.

Procurement of Insurance Providers

Employers may obtain coverage from:

- Licensed insurance providers in Brunei, as listed by the Brunei Insurance and Takaful Association (BITA) – www.bita.org.bn.
- International medical insurance providers, such as Cigna Global or BUPA Global. Policies must include worldwide coverage and explicitly cover Brunei and meet the required scope of coverage.

What Employers Need to Know

The updated medical insurance policy represents a significant step toward strengthening healthcare protection for foreign nationals in Brunei. For employers, the revisions present both compliance responsibilities and strategic advantages—reducing risk, supporting a healthy workforce, and reinforcing best practices in employment management.

As the implementation phases progress, employers are encouraged to review current insurance arrangements, engage with trusted licensed insurance providers, and ensure timely compliance to avoid disruptions. Through proactive planning, organisations can adapt smoothly while contributing to a safer and more resilient employment landscape in Brunei.

Indonesia: Understanding Annual Tax Obligations and Compliance Requirements

Legal Basis & General System

The obligation to report Annual Tax Returns (SPT) is regulated in the Law on General Provisions and Tax Procedures (UU KUP), as revised several times—most recently through Law Number 7 of 2021, including its derivatives and all related previous laws, such as Law Number 36 of 2008 on Income Tax and PER-02/PJ/2019 on Electronic SPT.

The applicable system is self-assessment. This means that as an individual taxpayer (WP), you are solely responsible for calculating, paying, and reporting the taxes owed in your Annual Tax Return.

Who is Obligated to Report and When

Every individual who has a Taxpayer Identification Number (NPWP) and meets the criteria for a Taxpayer is generally required to file an Annual Personal Income Tax Return (SPT). It also means that all legal employees in Indonesia (either permanent, contractual or even free-lancer) is also required to do so.

Reporting deadline: no later than 3 months after the end of the tax year. This means that if the tax year follows the calendar (January 1–December 31), the reporting deadline is March 31 of the following year.

However, there are exceptions. Based on the latest PER-11/PJ/2025, certain individual taxpayers are not required to file an Annual SPT if, in one tax year:

- They receive or earn net income that does not exceed the Non-Taxable Income (PTKP) threshold.
- or do not engage in business activities/freelance work.

How to Report — Forms & Mechanisms (Latest Changes)

Before

Individual taxpayers use one of three forms: SPT 1770, SPT 1770 S, or SPT 1770 SS, depending on the type and amount of income.

- 1770 SS: for those with annual gross income of ≤ IDR 60 million from one employer, and no other income except for bank interest/corporations.
- 1770 S: for employees with gross income above IDR 60 million per year.
- 1770: for individual taxpayers with income from business and/or freelance work, final income, and/or other income.

Submissions can be made in person at the Tax Office (KPP), by mail, courier, or online via e-Filing / e-Form / e-SPT.

Changes after PER-11/PJ/2025 (2025)

- With the enactment of PER-11/PJ/2025, the Annual Tax Return format for individual taxpayers has been simplified — it is no longer divided into 1770 / 1770 S / 1770 SS. There is now only one standard format as listed in Appendix G of the regulation.
- Owned Individual Taxpayers are now required to file their Annual Tax Returns through the integrated electronic system: Coretax (replacing DJP Online).
- Attachments to the Annual Tax Return in Coretax for individual taxpayers include year-end assets and liabilities, dependent family members, net domestic income from employment/business, withholding tax receipts, final/non-object income, financial reconciliation, fiscal loss compensation, tax deductions/withholdings, and calculation of tax payable.

Taxpayer Administrative Obligations & Reporting Principles

As a sole proprietorship taxpayer, you need to:

- Register and obtain a Taxpayer Identification Number (NPWP).
- Self-assess your total income, deductions, final deductions, tax payable, and tax credits/deductions when relevant.
- Report all required elements in your Annual Tax Return: income, assets, debts, withholding tax certificates, assets and liabilities (depending on the type of income), and supporting attachments, if any.
- Settle your tax obligations (if any shortfalls) before submitting your Annual Tax Return.

Sanctions for Late/Incomplete Reporting

- If a Taxpayer Individual (OP) fails to submit an Annual Tax Return or is late, they will be subject to an administrative fine of IDR 100,000.
- If they intentionally fail to report, or report with inaccurate or incomplete data, in addition to the administrative fine, they may also be subject to criminal sanctions as stipulated in the KUP Law.

Important Notes & Exceptions (updated as of 2025)

- Based on PER-11/PJ/2025, individual taxpayers with net income less than the PTKP (Perseroan Pajak/PTKP) and/or those who do not run a business or engage in freelance work may not be required to file an annual tax return.
- This means that if you are a permanent employee, have a small annual gross income, and have no other income (business, interest, final income, or investment), you may be considered an exempt taxpayer—however, this exemption is not automatic; so it's important to determine your circumstances.

The Bottom Line: How You Should Carry Out Your Obligations This Year

- Make sure you have a Taxpayer Identification Number (NPWP) and (if you're reporting online) have access to Coretax.
- Gather all documents: withholding/collection receipts, income documents, year-end asset and debt data, proof of tax payments (if there are any underpayments), etc.
- Calculate your income and taxes yourself (self-assessment), ensuring all components are covered—including final income, interest, business income, etc.
- Fill out your Annual Tax Return (SPT) through Coretax using the new format (with required attachments).
- If tax is owed, pay it before submitting the SPT. If there is no tax owed and you meet the exemption requirements, you can check whether you are truly exempt from reporting (for example, because your income is below the PTKP).
- Make sure to submit your tax return by March 31st (for calendar tax years).

Halaman Login

This is a full, detailed, and structured guide for filing your Annual Individual Income Tax Return through Core Tax Administration System (Coretax), the system that replaces DJP Online starting 2024–2025, aligned with PER-11/PJ/2025.

A. Preparation Before Using Coretax

1. Prepare your Coretax account

- Coretax uses the new tax Single Sign-On (SSO).
- If you previously had a DJP Online account, the data is usually migrated automatically.
- If you cannot log in:
 - use Forgot Password.
 - complete NIK–NPWP synchronisation first (if not yet matched).

2. Prepare the required documents

- PPh 21 withholding slip (1721-A1/A2).
- Other income documents (final income, business income, freelance/professional income, foreign income).
- Bank statements / account balances / investment statements.
- Asset list (real estate, vehicles, gold, crypto, investment accounts, etc.).
- List of liabilities (mortgage, car loan, personal bank loans).
- Proof of tax payment (if any underpayment).

B. Steps Inside Coretax

1. Log in to Coretax

- Open the official Coretax portal.
- Enter your NIK/NPWP and password.
- Navigate to Services → SPT → Individual Annual Income Tax Return.

Note: With the Coretax system, Individual taxpayers now use a single SPT format, replacing Forms 1770 / 1770S / 1770SS.

2. Start Creating the Annual SPT

Once inside the SPT module:

- a. Select the Tax Year (e.g., 2024).
- b. Choose SPT Status: Normal (first submission) or Amendment (if revising).
- c. Click Create New SPT.

C. Filling Out the SPT – Step by Step

Coretax will guide you through an ordered wizard.

Step 1: Taxpayer Identity

Ensure all fields are correct:

- Name
- Address
- Marital status
- Number of dependents
- PTKP category (e.g., Single, Married, With dependents)

Update your profile if anything changes.

Step 2: Income Declaration

a. Employment Income (PPh 21)

You may:

- Upload your 1721-A1/A2 withholding slip, or
- Enter details manually:
 - Gross income
 - Allowable deductions (employment cost, pension contributions, etc.)
 - Withheld PPh 21
 - Tax due

Coretax recalculates it automatically.

b. Business / Freelance Income

For:

- Personal business (UMKM),
- Freelance professionals (doctors, lawyers, consultants, creators), etc.

Enter:

- Revenue
- Expenses
- Net income
- Applicable tax (UMKM final or PPh based on general rates)

Upload simple financial statements if requested.

Step 2: Income Declaration (Continued)

c. Final Income

Including:

- Deposit interest, bonds, bank interest
- Rental of land/buildings
- UMKM final tax (0.5% if applicable)
- Stock trading (final)
- Other final-taxed income

Enter:

- Type of income
- Tax base
- Final tax withheld

d. Other / Non-Taxable / Foreign Income

Examples:

- Gifts from immediate family
- Foreign dividends
- Non-taxable income (inheritance, certain insurance payouts)

Enter the correct category and amounts.

Step 3: Deductions & Tax Credits

Coretax auto-computes:

- PTKP (non-taxable threshold)
- Employment cost
- Pension contributions
- Tax credits (PPh 21/22/23/26)

You may:

- Adjust values if withholding slips differ
- Add additional withholding slips (if multiple employers)

Step 4: Assets & Liabilities

a. Asset List (as of 31 December)

Enter:

- Asset type (Coretax provides a list)
- Acquisition year
- Acquisition value
- Current value (if required)
- Additional details (location, plate number, certificate no.)

Examples:

- Bank deposits and savings
- Houses and land
- Vehicles
- Stocks / mutual funds / bonds
- Gold
- Crypto
- Business equipment

b. Liability List

Enter:

- Type of liability
- Creditor
- Balance at year end

Examples:

- Mortgage
- Car loan
- Personal bank loan

Step 5: Coretax Automatic Reconciliation

Coretax combines all data and calculates:

- Total taxable income
- PPh payable
- Less tax credits
- Final Result

Final SPT status:

- a. Zero (Nihil) — nothing to pay.
- b. Underpayment (Kurang Bayar).
 - o Generate a Billing Code → pay → upload proof of payment.
- c. Overpayment (Lebih Bayar)
 - o Choose Refund (Restitution) or
 - o Carry forward to next year.

D. Finalisation & Submission

- Coretax displays a full summary.
- Double-check everything.
- Click Agree and Submit.
- Electronic Signature.
- Coretax uses built-in digital signing.
- No more manual EFIN entry like in the old DJP Online.
- Download the Receipt (BPE).
- Save the Electronic Filing Receipt (BPE) PDF.
- This is your official, legal proof of filing.

E. Important Tips (to avoid Coretax errors or rejection)

- Ensure NIK–NPWP synchronisation is completed.
- Keep asset & liability data consistent year to year.
- Make sure withholding slips match employer-submitted data.
- Upload supporting documents when requested.
- For underpayment cases → pay before submitting.

Philippines: Tax Annualization and Reporting Considerations

Importance of Year-End Compliance for Employers

Year-end payroll and tax compliance ensures accuracy, avoids penalties, and maintains good standing with government agencies.

1. The year-end is a critical reconciliation period where employers finalize compensation records for the year.
2. We need to ensure correct tax withholding and remittance to the BIR.
3. It also affects financial reporting accuracy and audit readiness. Please note that there is a schedule BIR audit.
4. This is also to prevent penalties and administrative issues due to under- or over-withholding.
5. It also promotes employee trust, as accurate payroll and tax documents protect both employees and the employer.

Overview of BIR Requirements and Statutory Deadlines

Form / Requirement	Purpose	Deadline / Period
BIR Form 1601-C	Monthly remittance of withholding tax on compensation	On or before the 10 th day of the following month (or 15 th for eFPS users)
BIR Form 1604-CF	Annual Information Return for Compensation Income and Final Withholding Taxes	31 January following the close of the calendar year
BIR Form 2316	Certificate of Compensation and Tax Withheld for each employee	To be issued to employees on or before 31 January; to BIR on or before 28 February
Alphalist of Employees	Summary list of employees with corresponding tax details	Attached to BIR Form 1604-CF submission
13th Month Pay	Mandatory benefit under Presidential Decree 851	Paid on or before 24 December
Government Contributions (SSS, PhilHealth, Pag-IBIG)	Monthly/Quarterly remittance of mandatory contributions	As scheduled



Important Note

Please double-check BIR advisories and circulars each year for changes in filing schedules or formats (especially with eBIR Forms and eFPS).

Common Issues During Year-End Payroll Processing

1. Inaccurate or incomplete employee records

- Missing TINs – This is very important. For your new hires, ensure that they submit their onboarding requirements, incomplete employment details.
- If there is an inaccurate employee records, it leads to mismatched records during submission of annual returns. It can also delay the submission.

2. Misapplication of tax exemptions

- Incorrect application of de minimis benefits or non-taxable allowances (anything beyond that is already taxable). Please take note those de minimis benefits such as medical cash allowance, laundry allowances.
- Please note that there are also thresholds on these allowances. This may result in under-withholding. Incorrect setup de minimis allowance may result in under withholding.

3. Failure to properly annualize

- Not reconciling previous months' taxable income, bonuses, or adjustments.
- Results in over/under-withholding and possible BIR penalties.

4. Delayed or incorrect submission of BIR reports

- Failure to meet filing deadlines, or submission errors in eBIR Forms.
- In addition, for those new hire employees within the year they are required to submit BIR2316 from their previous employer. The Employers are required to consolidate the income for those employees who have more than 1 employer in a year.

5. Discrepancies between payroll and accounting records

- Payroll system data not matching books of accounts or bank remittance reports.

6. Uncoordinated HR and Accounting teams

- Lack of communication in handling adjustments, resignations, or final pay.

We recommend starting reconciliation at the beginning of the BER months, checking payroll registers, and performing trial annualization before year-end. This way, any tax deficit can be spread across the remaining months, easing the impact on employees.

Definition and Purpose of Tax Annualization

- Tax annualization is the process of recalculating each employee's total taxable income and tax due for the entire calendar year.
- It ensures that withholding taxes deducted monthly are equal to the actual tax due for the year.
- Purpose: To correct any under- or over-withholding before year-end.
- Employers are required by law to annualize all employees who are still with the company by December payroll.
- Employees who resigned or transferred during the year are not included, since their taxes were already finalized upon separation.

In short, Annualization is like "true-up" — reconciling all the taxes withheld throughout the year.

How Annualization Affects Employee Withholding Tax

- **Over-withholding:** Employee gets a refund or adjustment in the last payroll.
- **Under-withholding:** Employer must collect and remit the difference to the BIR.

Step-by-Step Computation Process

Step 1: Consolidate Taxable Compensation

- Gather all taxable income for the year:
 - Basic salary
 - Overtime, holiday, and night differential pay
 - Bonuses and other taxable allowances
 - 13th-month pay (taxable portion, if exceeds ₱90,000)
- Exclude non-taxable income such as de minimis benefits within limits, SSS/PhilHealth/Pag-IBIG contributions.

Step 2: Apply Exemptions and Deductions

- Deduct mandatory contributions:
 - SSS, PhilHealth, and Pag-IBIG (employee share)
- Apply non-taxable benefits and exemptions per BIR rules.
- Compute Taxable Compensation = Total Income – Non-Taxable Amounts.

Step 3: Compute Annual Tax Due

- Use the BIR Withholding Tax Table (TRAIN Law) for the applicable year.
- Apply the correct tax bracket to compute total tax due for the year.

Effective Date: 1 January 2025	
Tax Bracket	Tax Due
Not over ₱250,000.00	0%
Over ₱250,000.00 but not over ₱400,000.00	15% of the excess over ₱250,000.00
Over ₱400,000.00 but not over ₱800,000.00	₱22,500.00 + 20% of the excess over ₱400,000.00
Over ₱800,000.00 but not over ₱2,000,000.00	₱102,500.00 + 25% of the excess over ₱800,000.00
Over ₱2,000,000.00 but not over ₱8,000,000.00	₱402,500.00 + 30% of the excess over ₱2,000,000.00
Over ₱8,000,000.00	₱2,202,500.00 + 35% of the excess over ₱8,000,000.00

Step 4: Compare with Taxes Already Withheld

- Add up all monthly taxes withheld (Form 1601-C).
- Compare against the computed annual tax due.
 - If tax due > tax withheld → Under-withholding (deduct balance in Dec payroll).
 - If tax due < tax withheld → Over-withholding (refund or adjust in Dec payroll).

Step 5: Finalise and Report

- Reflect adjustments in December payroll.
- Update the employee's Form 2316 and include it in BIR Form 1604-CF.
- Keep documentation for at least three years for audit compliance.

Tips for a Smooth Year-End Closing

- Start early (November): Begin data reconciliation before the holiday rush.
- Run trial annualization: Identify over/under-withholding early and correct before December payroll.
- Update employee master files: Check TINs, tax status, and records of separated employees.
- Coordinate HR, Payroll, and Accounting teams: Ensure alignment on final pay, bonuses, and adjustments.
- Use BIR's latest eBIR Forms/eFPS versions: Avoid rejection due to outdated forms.
- Monitor BIR advisories: Be aware of changes in deadlines or submission procedures.
- Keep proper documentation: Retain soft and hard copies of all reports, receipts, and proof of remittance.
- Communicate with employees: Explain year-end adjustments or refunds to maintain transparency.
- Submit early: Avoid system downtime and penalties during peak filing season.
- Key message: Preparation, accuracy, and coordination are the foundation of a smooth and compliant year-end process.

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