



Indonesia Tax Alert April 2022

New VAT invoice regulation issued

On 31 March 2022, the Directorate General of Taxation (DGT) issued Regulation Number PER-03/PJ/2022 (PER-03). PER-03, which entered into effect on 1 April 2022, is intended to simplify the regulation of VAT invoices as well as to synchronize the rules with the changes to the VAT Law introduced by Law Number 11 of 2020 (Omnibus Law), its implementing regulations (Government Regulation Number 9 of 2021 (PP-9) and Minister of Finance (MoF) Regulation Number 18/PMK.03/2021 (PMK-18)) (please refer to [Tax Info October 2020](#), [Tax Info November 2020](#) and [Tax Info March 2021](#)), and Law Number 7 of 2021 (Law on Harmonization of Tax Regulations (UU HPP)) (please refer to [Tax Info October 2021](#) and [Tax Alert November 2021](#)).

PER-03 revokes the following regulations:

- DGT Regulation Number PER-58/PJ/2010, regulating VAT invoices for a retail VAT entrepreneur (*pengusaha kena pajak pedagang eceran* (retail PKP));
- DGT Regulation Number PER-24/PJ/2012 as most recently amended by PER-04/PJ/2020, regulating VAT invoices (PER-24);
- DGT Regulation Number PER-16/PJ/2014 as most recently amended by PER-11/PJ/2019, regulating electronic VAT invoices (*e-Faktur*); and
- DGT Decision Number KEP-754/PJ/2001, regulating VAT invoice confirmations by the DGT.

In general, PER-03 covers the following aspects of VAT invoices:

- The timing for the issuance of a VAT invoice;
- The required information of a VAT invoice;
- The preparation and reporting of a VAT invoice; and
- Other matters.

The timing for the issuance of a VAT invoice

A PKP delivering taxable goods and/or taxable services must collect VAT and issue a VAT invoice. A VAT invoice must be issued:

- Upon the delivery of the taxable goods and/or taxable services;
- Upon receiving payment, in the event that the payment occurs before the delivery of the taxable goods and/or taxable services;
- Upon receiving an installment payment, in the event that the delivery is done in phases;
- Upon the export of the taxable goods and/or taxable services; or
- Upon other events as determined by the MoF.

Combined VAT invoice

For ease of administration purposes, a PKP is allowed to issue a single VAT invoice at the end of the month, covering multiple deliveries to the same buyer in one calendar month. This type of VAT invoice is called a combined VAT invoice (*Faktur Pajak Gabungan*). PER-03 provides more detailed requirements for combined VAT invoices, namely:

- In the case a payment (either installment or settlement) is made before the delivery of the taxable goods and/or taxable services, a combined VAT invoice should be prepared at the end of the month when the payment and delivery occur in the same month; and
- A combined VAT invoice can only cover transactions under the same transaction code. If the deliveries to the same customer fall under several transaction codes, only transactions under the same transaction code can be combined.

End-consumer characteristics

The VAT invoice requirement for a retail PKP has been updated to match the changes made by PP-9 and PMK-18. PER-03 confirms that the criteria of a retail PKP are not defined by the PKP's business classification (*Klasifikasi Lapangan Usaha*), but rather by whether the delivery of the taxable goods and/or taxable services is to a buyer with end-consumer characteristics, including e-commerce transactions. End-consumer characteristics are as follows:

- The buyer consumes or utilizes the purchased taxable goods and/or taxable services directly; and
- The buyer does not utilize the taxable goods and/or taxable services for business activities.

VAT collected through a VAT invoice without the buyer's identity and PKP's signature is not creditable.

Required information of a VAT invoice

Formal requirement

In general, a VAT invoice is deemed to fulfill the formal (administrative) requirement of a VAT invoice if it completely and accurately contains the following information:

- The name, address, and tax identification number (*Nomor Pokok Wajib Pajak* (NPWP)) of the party delivering the taxable goods and/or taxable services;
- The identity of the buyer/recipient of the taxable goods and/or taxable services, including:
 - Name, address, and NPWP, for corporates or government institutions;
 - Name, address, and national identity number (*Nomor Induk Kependudukan* (NIK)) or NPWP, for national individual buyers;
 - Name, address, and passport number, for foreign nationals; and
 - Name and address, for foreign corporate entities that are not tax resident in Indonesia;
- The types of goods or services, including their price and discount;
- The amount of VAT (and luxury-goods sales tax (LST)) collected;
- The code, serial number, and date of when the VAT invoice is prepared; and
- The name and signature of the person authorized to sign the VAT invoice.

PER-03 provides an example whereby the actual address of the buyer/recipient is different from the address stated in the tax registration letter (*Surat Keterangan Terdaftar* (SKT)) or PKP confirmation letter (*Surat Pengukuhan PKP* (SPPKP)), then the PKP can issue the VAT invoice using either the address listed in the SPPKP or the actual address. Nevertheless, the buyer must update its address with the tax office.

VAT centralization

Generally, a PKP carrying out business activities in Indonesia through business units located in multiple jurisdictions under the jurisdiction of different tax offices has to register each of its business units with the respective tax offices. The PKP may request the DGT to centralize the VAT administration under one location (central PKP), except for a PKP registered with certain tax offices in which the VAT administration is automatically centralized. Prior to PER-03, if a PKP made deliveries to another PKP whose VAT administration is centralized, the buyer/recipient's identity information had to match the information of the central PKP, regardless of whether the taxable goods and/or taxable services were delivered to the central PKP or to other business units. However, under PER-03, if the delivery is to another business unit, the identity of the buyer/recipient stated in the VAT invoice must be:

- The name of the central PKP;
- The NPWP of the central PKP; and
- The address where the actual delivery is made.

The change in the requirement may create an additional administrative burden for both the PKP issuing the VAT invoice and the PKP wishing to credit the input VAT, especially if the buyer/recipient owns multiple VAT-centralized business units. The PKP issuing the VAT invoice is not obliged to ensure the accuracy of the buyer/recipient's identity information in the VAT invoice. However, the PKP wishing to credit the input VAT must ensure the accuracy of its identity information stated in the VAT invoice. Therefore, it must request the VAT invoice issuer to issue a VAT invoice with address information that matches the address where the goods and/or services are actually delivered.

VAT on delivery of certain taxable goods

For the delivery of new vehicles, land and/or buildings, and taxable goods and/or taxable services to free trade zones/free trade ports, PER-03 requires specific product information of each type of these deliveries to be stated in the VAT invoice. This will result in more detailed delivery information being displayed on the VAT invoice than previously.

Transaction code of a VAT invoice

The transaction codes under PER-03 are summarized as follows:

Transaction code	Type of delivery	Remarks
01	For the delivery of taxable goods and/or taxable services that do not fall under transaction codes 02 through 09	Codes 01 through 04 are unchanged.
02	For the delivery of taxable goods and/or taxable services to a VAT collector that is a government institution	
03	For the delivery of taxable goods and/or taxable services to a VAT collector that is not a government institution	
04	For the delivery of taxable goods and/or taxable services using the special VAT imposition base based on Article 8A of the VAT Law	
05	For the delivery of taxable goods and/or taxable services by a PKP in any of the following categories, which would be subject to the final VAT mechanism (certain amount VAT) to replace the input VAT crediting mechanism under Article 9A of the VAT Law: <ul style="list-style-type: none"> • Has a gross revenue of up to a specified maximum amount; • Carries out certain business activities (e.g., complex business processes, transactions carried out through a third party, etc.); and/or • Delivers certain taxable goods and/or taxable services (e.g., VAT imposed due to the expansion of taxable goods and/or taxable services under UU HPP, etc.) 	This code was not used prior to PER-03.
06	<ul style="list-style-type: none"> • For the delivery using a VAT rate other than the standard VAT rate; and • For the delivery to an individual buyer using a foreign passport under Article 16E of the VAT Law 	Prior to PER-03, transaction code 06 was also used for the delivery of tobacco products. However, this is deleted in PER-03.
07	For the delivery of taxable goods and/or taxable services with a VAT facility, a "VAT not collected" facility, or a "VAT borne by government" facility	The details of the transactions that should use transaction codes 07 and 08 have been updated.
08	For the delivery of taxable goods and/or taxable services exempted from VAT	
09	For the delivery of taxable fixed assets under Article 16D of the VAT Law	The PKP may wish to refer to the attachment to PER-03 for detailed types of transactions using these transaction codes.

Transaction in currency other than IDR

Previously, a transaction in a currency other than the IDR had to be converted into IDR using the foreign exchange rate as determined by the MoF decision letter (KMK rate) applicable on the date when the VAT invoice was prepared. Under PER-03, the amount should be converted using the KMK rate applicable on the date when the VAT invoice should be issued. This change will cause the exchange rate to differ between the date when the VAT is due and the date when the VAT invoice is prepared if the VAT invoice is issued late.

Preparation and reporting of a VAT invoice

E-Faktur

The DGT introduced *e-Faktur* in 2014 and it has been considered as a regular VAT invoice since then. A PKP is not required to prepare an *e-Faktur* if the VAT invoice is related to:

- Delivery to an end consumer in which it should follow the VAT invoice requirement for a retail PKP;
- The collection of VAT using documents that are treated as equivalent to VAT invoices; or
- The delivery of taxable goods to an individual buyer using a foreign passport under Article 16E of the VAT Law.

Based on PER-03, the procedure to implement an *e-Faktur* system is similar to the procedure under the previous regulation, i.e., the PKP must have obtained an electronic certificate, an activated PKP account, and a VAT invoice serial number (*nomor seri faktur pajak* (NSFP) from the DGT. However, PER-03 now limits the maximum number of NSFPs that can be issued to a PKP, as follows:

- 75 NSFPs for a new PKP; and
- For an existing PKP:
 - 75 NSFPs, if the total number of NSFPs used in the previous three months is not greater than 75; or
 - 120% of the total number of NSFPs used in the previous three months, if the total number of NSFPs used during those periods is greater than 75.

An exception is applicable for a PKP that requires a certain amount of NSFPs due to its business activities, as long as the PKP meets the following conditions:

- It is a new PKP;
- The VAT administration is centralized; or
- There has been an increase in the number of business transactions.

The NSFPs issued by the DGT will be valid from their issuance date until the end of the calendar year mentioned in the NSFP letter.

Revision, replacement, or cancellation of a VAT invoice

The procedures to revise, replace, or cancel a VAT invoice remain the same. A VAT invoice can be cancelled if the relevant VAT return can still be submitted or revised according to the prevailing tax regulations.

Validation of VAT invoices by the DGT

PER-03 requires all VAT invoices prepared during a particular month to be uploaded and validated by the DGT no later than the 15th day of the following month. A VAT invoice that is not validated by the DGT by this deadline will be rejected and will not be treated as a VAT invoice.

Other matters

During a force majeure condition, a PKP is allowed to prepare manual VAT invoices. Nevertheless, once the force majeure condition is lifted by the DGT, the VAT invoice data must be uploaded to the *e-Faktur* system.

If the *e-Faktur* data is lost or ruined, the PKP can request the data from the DGT as long as the data previously has been uploaded and validated by the DGT.

PER-03 includes the following transitional provisions:

- Input VAT in the following VAT invoices that are prepared under PER-24 remains creditable as long as it fulfills the crediting criteria, even though:
 - The address of the buyer/recipient stated in the VAT invoice is different from the address stated in the SPPKP, as long as it is the actual address;
 - The VAT invoice was prepared before the implementation of the *e-Faktur* system and uses an NSFP that was not issued by the DGT;
 - The VAT invoice was prepared before the implementation of the *e-Faktur* system and the NSFP was a duplicate;
 - The VAT invoice was prepared before the implementation of the *e-Faktur* system and the VAT invoice was issued before the DGT issued the NSFP; and/or
 - The VAT invoice was signed by an authorized person but this person was late in registering, or has not yet registered, with the DGT; and
- The *e-Faktur* application that is currently used by the PKP based on PER-16 can still be used until the DGT revokes the approval to use this application.

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