



Indonesia Tax Info December 2023

Regulation grants eligibility for preliminary VAT refunds on BEVs

To expedite the transition from fossil fuel to electric energy usage and increase public interest in buying battery-based electric vehicles (*Kendaraan Bermotor Listrik Berbasis Baterai* (BEVs)), Indonesia's Minister of Finance (MoF) issued Regulation Number 116 of 2023 (PMK-116) on 22 November 2023. PMK-116, which came into effect upon issuance, provides a preliminary VAT refund facility in addition to the existing VAT facility program for certain qualifying BEVs under MoF Regulation Number 38 of 2023 (PMK-38) (please refer to [Tax Info April 2023](#)).

In addition to the existing VAT facility where a portion of VAT due on the sale of qualifying BEVs (i.e., BEVs that are newly registered and meet the domestic requirements) is borne by the government between April and December 2023, a VAT-able entrepreneur (*Pengusaha Kena Pajak* (PKP)) delivering such qualifying BEVs is now provided with a low-risk PKP status and thus eligible for a preliminary VAT refund. As such, there is no requirement for a low-risk PKP status determination either by the Directorate General of Taxation (DGT) (ex-officio) or the taxpayer (by request).

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The request for the refund must be made by choosing the option for a preliminary VAT refund in the VAT return. This refund facility is available for VAT returns submitted through 31 January 2024, including any amendments, and may include VAT overpayments carried over from previous fiscal periods. If, during the refund facility period, the PKP only delivers BEVs for self-use or as free gifts, the preliminary VAT refund facility would not apply.

Under PMK-38, VAT invoices with transaction code "01" (for the portion of VAT not borne by the government) and transaction code "07" (for the portion of VAT borne by the government) must be made by the seller to determine which part of the VAT payable is borne by the government. To satisfy the VAT invoice requirements for certain types of BEV recipients, the transaction code used for the portion of VAT not borne by the government must be changed as follows:

Transaction code	Type of BEV recipient
02	VAT collectors that are government agencies
03	VAT collectors that are nongovernmental agencies
04	For BEVs delivered using other value as the VAT base as stipulated in Article 8A(1) of the VAT Law

Government to bear VAT on sales of certain residential properties

To support the national economic development in the property sector, the MoF issued Regulation Number 120 of 2023 (PMK-120) on 21 November 2023 stating the government will bear all or part of the 11% VAT payable on sales of certain residential properties, as opposed to the general treatment whereby the VAT is borne by the purchaser.

PMK-120, which came into effect upon issuance, introduces a government-borne VAT facility on the sale of landed houses (broadly defined as residential properties with some surrounding land or a garden and including houses used as shops and offices) and residential units by a PKP to an individual homeowner (buyer) for the fiscal periods of November through December 2023. The property has to be newly built, ready-to-use, not handed over previously, and registered with the Ministry of Public Works and Housing (MPWH) and/or the People's Housing Savings Management Body (*Badan Pengelola Tabungan Perumahan Rakyat*).

The government will bear 100% of the VAT if the transfer of the rights to the property occurs between 1 November 2023 and 30 June 2024 (50% of the VAT if the transfer of the rights to the property occurs between 1 July 2024 and 31 December 2024), provided that the VAT base is up to IDR 2 billion with a selling price of up to IDR 5 billion.

The facility is available for delivery of landed houses and residential units between 1 November 2023 and 31 December 2024, evidenced by the issuance of minutes of handover (*berita acara serah terima*).

If the buyer made an advance payment or installment payment in respect of the acquisition before 1 November 2023, the facility would be available subject to the following conditions:

- The initial advance payment or installment payment is made no earlier than 1 September 2023;
- The date of sale (as evidenced by the minutes of handover) falls between 1 November 2023 and 31 December 2024; and
- The facility will be provided on the remaining installments and settlements that are paid between 1 November 2023 and 31 December 2023.

The PKP selling the property must issue a VAT invoice and disclose certain information on the invoice as required by PMK-120 using transaction codes “01” (for the portion of VAT borne by the buyer) and “07” (for the portion of VAT borne by the government). The VAT invoice must be reported in the respective VAT return and the returns will serve as the facility realization reports provided that they are submitted to the tax office by 31 January 2025 (including amendment reports).

VAT that has been borne by the government must be repaid if the tax authorities discover that:

- The property sold or the delivery process does not meet the requirements for the facility;
- The individual does not qualify for the facility or owns more than one property that has benefitted from the facility;
- The VAT period is not between 1 November 2023 and 31 December 2023;
- Any of the requirements related to the VAT invoice or VAT return are not met;
- The property is transferred within one year after the initial sale; or
- The minutes of handover have not been registered with the MPWH.

PMK-120 stipulates that properties that have obtained VAT exemption facilities cannot utilize the VAT facility under PMK-120. However, an individual who has utilized the government-borne VAT facility on housing deliveries prior to PMK-120 can utilize the VAT facility as stipulated in this regulation.

Use of national identification number as tax identification number postponed

On 12 December 2023, MoF issued Regulation Number 136 of 2023 (PMK-136) to ensure the complete preparation of the DGT’s administration system and smooth integration of the use of the national identification number (*Nomor Induk Kependudukan* (NIK)) as the tax identification number (*Nomor Pokok Wajib Pajak* (NPWP)) as stipulated by MoF Regulation Number 112 of 2022 (PMK-112) (please refer to [Tax Info July 2022](#)).

With the issuance of PMK-136, the use of the 16-digit NPWP, which was initially planned to start as from 1 January 2024, is postponed to 1 July 2024. Consequently, as from 1 July 2024, the use of the NIK as the NPWP (for Indonesian individual taxpayers) and the 16-digit NPWP in place of the 15-digit NPWP (for non-Indonesian individual taxpayers, corporate taxpayers, and taxpayers that are government institutions) will be fully implemented.

The use of the 16-digit NPWP is postponed to 1 July 2024.

Customs Focus

List of restricted imports on drugs and foods is updated

On 3 November 2023, the Head of National Agency of Drug and Food Control (*Badan Pengawasan Obat dan Makanan* (BPOM)) issued Decree Number 456 of 2023 (Decree-456), revoking the previous BPOM Decree Number 247 of 2022 (Decree-247).

The detailed descriptions on items in the list of restricted imports of medicines and foods into the Indonesian territory under Decree 456 had been updated. Decree 456 had particularly imposed restriction on the import of “medicines containing narcotics, psychotropics, and/or pharmaceutical precursors” on certain HS Code, as shown below:

Type	HS Code	Previous regulation (Decree-247)	Current regulation (Decree-456)
Drug	3003.49.00	Others	Others, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>
Drug	3003.90.00	Others	Others, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>
Drug	3004.49.90	Transdermal therapeutic system patches for the treatment of cancer or heart disease	Transdermal therapeutic system patches for the treatment of cancer or heart disease, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>
Drug	3004.90.99	Others	Others, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>
Natural Medicine	3004.90.99	Others	Others, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>
Quasi Medicine	3004.90.99	Others, quasi-preparations for external/topical use.	Others, quasi-preparations for external/topical use, <u>apart from those containing narcotics, psychotropics, and/or pharmaceutical precursors.</u>

Decree-456 has taken effect as from 3 December 2023.

Procedures on issuance, suspension, and revocation of excisable goods entrepreneur identification number

On 13 July 2023, MoF issued Regulation Number 68 of 2023 (PMK-68) to amend the previous MoF Regulation Number 66 of 2018 (PMK-66).

Effective as from 1 August 2023, PMK-68 aims to improve services in the excise sector and provides legal certainty regarding the procedures for issuance,

suspension, and revocation of the excisable goods entrepreneur identification number (*Nomor Pokok Pengusaha Barang Kena Cukai* (NPPBKC)).

Under PMK-68, the identifying numbers for excisable goods entrepreneurs shall be the Tax ID Number (*Nomor Pokok Wajib Pajak* (NPWP)) for excisable goods entrepreneurs **and** its business activity location identity number (*Nomor Identitas Lokasi Kegiatan Usaha* (NILKU)), which is a unique identifier assigned to the location of business activities. NILKU consists of:

1. The code of the Customs and Excise Office overseeing the location, building, or premises of the excisable goods entrepreneur;
2. The code for the type of business activity of the excisable goods entrepreneur; and
3. The code for the type of excisable goods.

Salient differences between PMK-66 and PMK-68 are highlighted as follows:

Subject	Previous regulation (PMK-66)	Current regulation (PMK-68)
Identification number of the excisable goods entrepreneur	The number used as an identification or identity of the excisable goods entrepreneur is in the form of the excisable goods entrepreneur's NPWP.	The number used as an identification or identity of the excisable goods entrepreneur is in the form of the excisable goods entrepreneur's NPWP <u>and NILKU (business activity location identity number)</u> .
Requirement to obtain NPPBKC	Supporting documents are not required, and there is no need to deliver a presentation on the company's business process.	It is now required to deliver a presentation on the company's business process.
Addressee of the NPPBKC application request	Customs and Excise Office.	MoF, with attention to the Head of Customs and Excise Office.
NPPBKC extension	The request to extend the NPPBKC can be submitted <u>no later than two months before the end date</u> of NPPBKC validity period.	The request to extend the NPPBKC can be submitted <u>starting from two months</u> before the NPPBKC validity period ends, <u>but no later than the end date</u> of the NPPBKC validity period.
Supervision, monitoring, audit, and/or research activities	<p>The customs and excise officer may carry out supervision, monitoring, audit, and/or research activities.</p> <p>The administrative audit or research and/or field audit or research shall be carried out periodically and continuously by visiting the excisable goods business location based on an assignment letter from the Head of Customs and Excise Office.</p>	<p>The Head of the Regional Office of the Directorate General of Customs and Excise shall:</p> <ul style="list-style-type: none"> • Monitor and evaluate the fulfillment of the requirements of the NPPBKC holders in accordance with the scope of their respective working areas; and • Submit the results of such monitoring and evaluation to the Head of Customs and Excise Supervision and Service Office and the director tasked to formulate and implement the policy in the field of excise.

Effective date on the regulation relating to customs, excise, and tax on import and export of consigned goods is rectified to start earlier

On 16 October 2023, MoF issued Regulation Number 111 of 2023 (PMK-111), which amended MoF Regulation Number 96 of 2023 (PMK-96) issued one month earlier, aimed to improve government's service in monitoring activity on import and export of consigned goods.

PMK-111 now rectifies the effective date of PMK-96, from 17 November 2023 to be 17 October 2023, as the Government wish to accelerate the commencement of the monitoring activity.

For key provisions governed under PMK-96, please refer to [Tax Info October 2023](#).

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