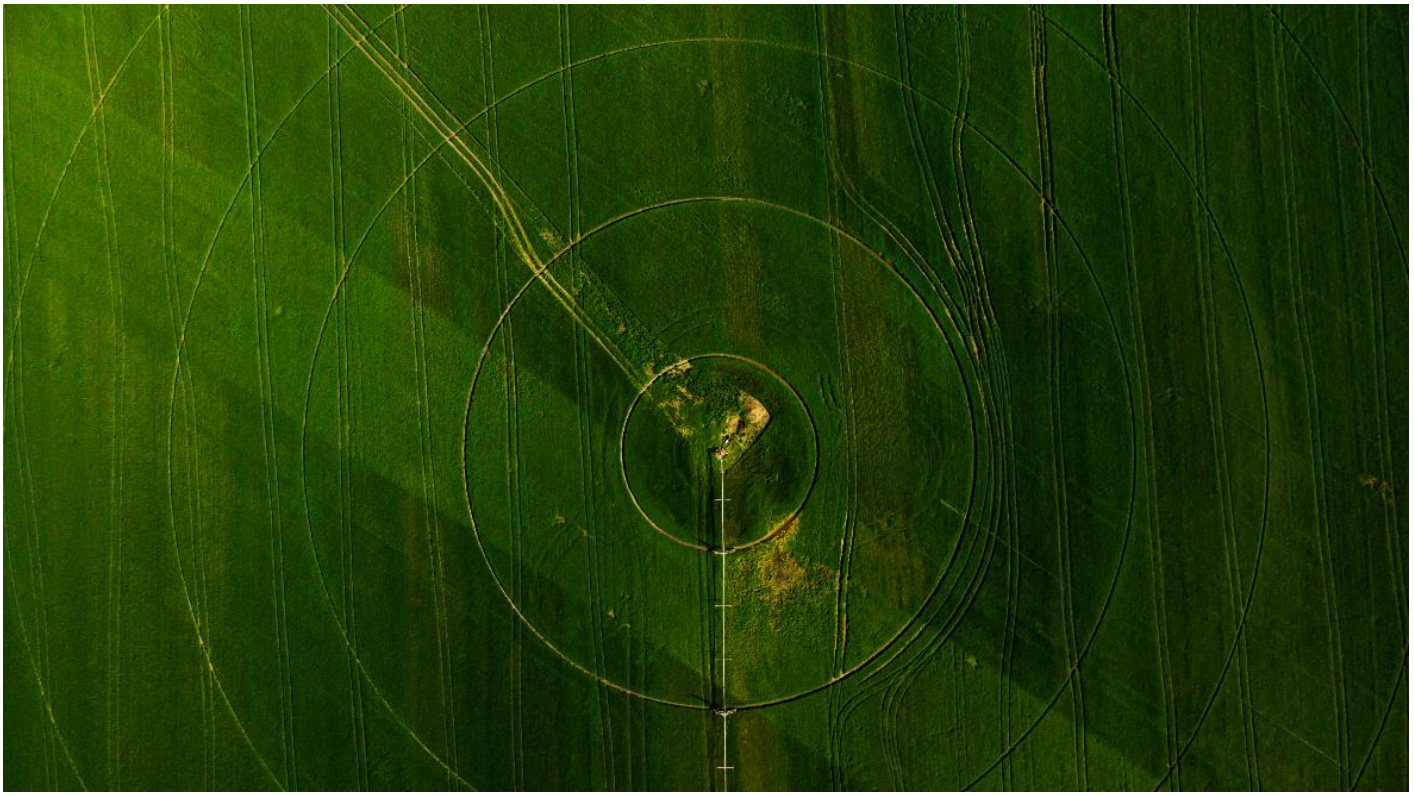

Indonesia Tax Info January 2023

Implementing regulations on Income Tax and VAT under HPP Law: Some Significant Developments for Taxpayers

As you may be aware, on 29 October 2021, Law Number 7 of 2021 regarding Harmonization of Tax Regulations (*Undang-Undang Harmonisasi Peraturan Perpajakan* (HPP Law)) was signed by the President of Republic of Indonesia and enacted (please refer to *Tax Info October 2021* and *Tax Alert November 2021*). It harmonizes various fiscal laws and regulations, including:

- Income Tax Law;
- VAT Law;
- General Provisions and Procedures for Taxation Law; and
- Excise Law.

Recently, the government has issued implementing regulations as mandated by the HPP Law, among others, as follows:

- Income tax – Government Regulation Number 55 of 2022 (PP-55);
- VAT – Government Regulation Number 44 of 2022 (PP-44);
- VAT facilities – Government Regulation Number 49 of 2022 (PP-49); and
- General provisions and procedures for taxation – Government Regulation Number 50 of 2022 (PP-50).

In this issue:

This Tax Info will cover PP-55, PP-44, and PP-49, while PP-50 will be covered in the next issue.

PP-55 – Income tax

PP-55 was issued and has come into effect as from 20 December 2022 and revokes the following regulations:

- Article 2A of Government Regulation Number 94 of 2010 (as amended several times, most recently by Government Regulation Number 9 of 2021) (PP-94) regarding calculation and settlement of current year income tax;
- Government Regulation Number 18 of 2009 regarding certain aid and donations (including *zakat* on religious donations) exempted from income tax;
- Government Regulation Number 23 of 2018 (PP-23) regarding tax on income from business earned by taxpayers with certain gross income (final income tax under PP-23) (please refer to *Tax Info July 2018*);
- Article 10 of Government Regulation Number 29 of 2020 regarding income tax facilities in relation to COVID-19 handling (please refer to *Tax Alert June 2020*); and
- Government Regulation Number 30 of 2020 regarding reduction of corporate income tax rate for taxpayers listed on the Indonesian Stock Exchange (please refer to *Tax Info June 2020*).

In this issue, we will elaborate some significant developments resulted from PP-55 that require immediate attention from taxpayers, such as clarification of the taxation of benefits-in-kind (BIKs) provided by employers to their employees as from fiscal year (FY) 2022, new measures to prevent tax avoidance, changes to the provisions relating to depreciation and amortization of assets with a useful life of more than 20 years, and amendments to the final income tax regime.

These regulations will require immediate attention and follow-up by taxpayers as they will have potential impact on their tax obligations.

Income tax treatment of BIKs

Under PP-55, BIKs comprise:

- In-kind (*natura*): Remuneration in the form of goods other than money, e.g., food, beverages. In-kind are valued based on their market value; and/or
- Benefits/enjoyments (*kenikmatan*): Remuneration in the form of rights to use a facility and/or service, e.g., housing, transportation. Benefits are valued based on the amount that is paid/should have been paid by the employers.

PP-55 addresses the tax treatment of BIKs in terms of employees' liability to tax on the BIKs and the tax deductibility for employers.

Taxation of employees

As from FY 2022, BIKs are, in principle, a taxable income of the employee. However, the following BIKs are exempted:

- Food and beverages provided to all employees:
  - Food and/or beverages provided by the employers at the workplace;
  - Food and/or beverage coupons for employees who, due to the nature of their work, are unable to take advantage of the provision of food and/or beverages at the workplace; and
  - Ingredients of food and/or beverages for all employees (up to a certain value limit).

- Facilities, infrastructure, and/or facilities at the employer's work site for employees and their families, provided that the work site has been approved as a remote area by the Directorate General of Taxation (DGT), in the form of:
  - Accommodation, including housing;
  - Health services;
  - Education;
  - Worship facilities;
  - Sports facilities, excluding golf, power boating, horse racing, paragliding, or motorsports; and
  - Transport, including transport for employees and their families in carrying out the work assignment.
- BIKs necessary to carry out work assignments, including:
  - Uniforms;
  - Safety equipment;
  - Shuttle services for employees;
  - Lodging and similar facilities for crew members; and
  - BIKs (e.g., vaccines or virus detection tools) received in the context of handling endemics, pandemics, or national disasters as determined by the Ministry of Health.
- Certain BIKs funded by state, regional state, or village budgets; and
- Certain other BIKs subject to specific limitations.

PP-55 clarifies some issues arising from starting date of the income tax treatment on BIKs for employees, as follows:

- For employers whose FY 2022 starts before 1 January 2022 (e.g., those with the FY from 1 October 2021 to 30 September 2022), if they have not withheld the Article 21 income tax on BIKs provided in the year starting from 1 January and 31 December 2022, the employees receiving the BIKs are responsible for settling the income tax obligation;
- For employers whose FY 2022 starts on or after 1 January 2022 (e.g., those with the FY from 1 April 2022 to 31 March 2023), if they have not withheld the Article 21 income tax on BIKs provided between the start of FY 2022 and 31 December 2022, the employees are responsible for settling their income tax liability; and
- Employers are obliged to withhold Article 21 income tax on BIKs provided to employees as from 1 January 2023.

Tax deductibility for employers

Under Article 6 of the Income Tax Law, BIKs related to the activities of earning, collecting, or maintaining income are tax deductible for the employer as from FY 2022. PP-55 further clarifies that:

- If the employer's FY 2022 starts before 1 January 2022, BIKs provided as from 1 January 2022 are deductible; and
- If the employer's FY 2022 starts on or after 1 January 2022, BIKs are deductible as from the start of FY 2022.

Two general principles adopted by PP-55 to determine the tax treatment of BIKs are as follows:

- If an income is subject to income tax in the hands of its recipient, its relevant expense will constitute an allowable deduction for the income payor (the taxable-deductible principle); or
- If an income is not subject to income tax in the hands of its recipient, its relevant expense will not be deductible by the income payor (the nontaxable-nondeductible principle).

Under the principles above, a BIK will be tax deductible for an employer if it is taxable by employee. However, there are some inconsistencies in PP-55 that have not been clarified. For example, there is a potential of double taxation of certain BIKs if they are not related to the activities of earning, collecting, or maintaining income of an employer, e.g., an employer pays for a power boating expense of employees or school fees for employees' children. These BIKs are theoretically nondeductible for the employers but taxable on the employees. No further guidance on this issue is currently available.

Prevention of tax avoidance

Under PP-55, the Minister of Finance (MoF) is authorized to prevent tax avoidance by:

- Imposing controlled foreign corporation (CFC) rules;
- Reclassifying income and expenses or a loan as a capital injection;
- Determining party actually purchasing shares or other assets when a loan transaction is conducted via a third company that does not have a proper business substance;
- Determining the party actually selling the shares if the sale is conducted via a company set up in a tax haven jurisdiction;
- Redetermining the income of an individual taxpayer whose income is settled as an expense by the individual's employer to the taxpayer's own company situated offshore;
- Recalculating the income tax payable if a taxpayer reports a business profit lower than those other comparable taxpayers in similar industry, or declares an abnormal business loss despite having commercial sales for at least five years;
- Limiting deductibility of borrowing costs; and
- Recalculating the income tax in the event of treaty shopping by the taxpayer via a transaction involving hybrid instruments.

By law, taxpayers must apply the arm's length principle when there is a "special relationship" between the parties carrying out the transactions. Under PP-55, this is also applicable to transactions between unrelated parties where the affiliate(s) of either one or both parties determines the counterparty and price of the transaction.

The DGT is authorized to redetermine the income and expenses where:

- A taxpayer does not apply the arm's length principle;
- A taxpayer applies the arm's length principle but it is not in accordance with the prevailing regulations; or
- The transfer pricing is not on the arm's length basis.

The DGT adheres to the substance over form principle when redetermining/recalculating the taxpayer's income, expenses, or tax.

Fiscal-related cooperation with other tax jurisdictions

The DGT is authorized to enter into bilateral or multilateral agreements in relation to taxation, which can be in the form of:

- Double tax avoidance agreements;
- The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS);
- Agreements to exchange tax information;
- Convention on Mutual Administrative Assistance in Tax Matters;
- Bilateral or multilateral agreements between tax authorities; and
- Agreements for the purpose of tackling the taxation issues related to the digitalization of economy and/or BEPS.

Depreciation and amortization expenses that are deductible from gross income

The HPP Law has updated the provisions on depreciation and amortization in the Income Tax Law, as follows:

- A permanent building with a useful life of more than 20 years may be depreciated in equal monthly amounts over the 20 years period or the useful life as basis to calculate the depreciation for accounting purposes; and
- An intangible asset with a useful life of more than 20 years may be amortized using the straight-line method or the double declining method over the 20 years period or the useful life used to calculate the amortization for accounting purposes.

PP-55 provides transitional provisions whereby an election can be made for a building (or an intangible asset) that is owned and utilized before FY 2022 and depreciated (amortized) for 20 years instead of being depreciated (amortized) according to the useful life as basis to calculate the depreciation (or amortization) for the accounting purposes. A notification must be submitted to the DGT by the end of FY 2022.

PP-55 provides examples of how to calculate the depreciation (or amortization) for such a change of useful life.

Final income tax for certain taxpayers under PP-23

Under PP-23, certain taxpayers earning or receiving gross income not exceeding IDR 4.8 billion in a fiscal year were subject to a final income tax rate of 0.5%.

These PP-23 provisions are generally restated in PP-55 with some additions:

- A village-owned enterprise (*Badan Usaha Milik Desa*) and joint village-owned enterprise (*Badan Usaha Milik Desa Bersama*) may be eligible for the final income tax;
- The individual company (*perseroan perorangan*) is added to the list of parties eligible for the final income tax; and
- For certain individual taxpayers under this tax regime, the first IDR 500 million of the gross revenue would not be subject to tax.

The final income tax is applicable for:

- Seven years, for individual taxpayers;
- Four years, for corporate taxpayers (cooperative, CV (*Commanditaire Vennootschap*), firm, village-owned enterprise, joint village-owned enterprise, or individual company); and
- Three years, for corporate taxpayers in the form of a limited liability company (*perseroan terbatas*).

For taxpayers registered for tax purposes after PP-55 comes into effect, the final income tax will apply as from the FY the taxpayer is registered. For village-owned enterprises, joint village-owned enterprises, and individual companies registered for tax purposes before PP-55 comes into effect, the final income tax will apply from the taxpayer's FY in which PP-55 has come into effect.

The following transitional provisions apply:

- For individual and corporate taxpayers registered for tax purposes before PP-23 came into effect, the final income tax is applicable as from FY 2018 until the end of the applicable final income tax period or anytime the taxpayer is no longer eligible for the final income tax;
- For individual and corporate taxpayers registered for tax purposes after PP-23 came into effect, the final income tax is applicable as from the FY in which the taxpayer is registered until the end of the applicable final income tax period or anytime the taxpayer is no longer eligible for the final income tax; and
- Individual and corporate taxpayers subject to final income tax before PP-55 comes into effect but no longer eligible for the regime under PP-55 (e.g., their gross income exceeds the IDR 4.8 billion threshold) are not eligible for the final income tax under PP-55 even though the applicable final income tax period under PP-23 has not passed.

Other matters

In general, the provisions for other topics covered under PP-55 are aligned with the existing regulations issued by the MoF. However, taxpayers are encouraged to review the full text of the regulation to evaluate its potential impacts on their current or proposed activities.

PP-44 – VAT

PP-44 was issued on 2 December 2022 and came into effect immediately. It revokes the previous implementing VAT regulation, namely Regulation Number 1 of 2012 (which was amended by Regulation Number 9 of 2021) (PP-1). The implementing regulations to PP-1 remain valid provided that they do not conflict with the provisions in PP-44.

PP-44 contains the following key VAT changes:

Topic	Previous position under PP-1	Revised position under PP-44
Joint responsibility (*tanggung jawab renteng*) for payment of VAT	Joint responsibility was not enforced if: • The VAT could be collected from the seller; or • The buyer could prove that the relevant VAT had been paid to the seller. The joint responsibility for VAT payment was imposed via the issuance of an underpaid tax assessment letter (*Surat Ketetapan Pajak Kurang Bayar* (SKPKB)).	Joint responsibility may be imposed if: • The VAT cannot be collected from the seller; and • The buyer cannot prove that the VAT has been paid to the seller. Joint responsibility is imposed either via the issuance of an SKPKB or an additional underpaid tax assessment letter (*Surat Ketetapan Pajak Kurang Bayar Tambahan*) or via self-assessment using a tax payment slip (*Surat Setoran Pajak*).
Appointment of other parties as VAT collectors	N/A	Article 32A of the Law on General Provisions and Procedures for Taxation provides authorization for MoF to appoint a domestic or foreign party (a designated party) as a withholder or collector of tax payable arising from transactions including transactions through the electronic system (*penyerahan melalui saluran elektronik* (PMSE)). For VAT purpose, PP-44 clarifies that a designated party is a party that is involved directly in or that facilitates transactions including PMSE. A designated party may be: • A trader or service provider (either an individual or entity), that is domiciled offshore and transacts with customers in the Indonesian customs area through its own electronic system; or • A domestic or overseas PMSE provider. If the customer is a VAT collector under Article 16A of the VAT Law, the VAT collection obligation rests with the designated party (instead of the VAT collector under article 16A).
Self-use of taxable goods and/or taxable services	Self-use of taxable goods and/or taxable services was defined as the use of taxable goods and/or taxable services for the benefit of the company itself, or its management or employees, and included both self-produced goods and other goods. PP-1 divided self-use of taxable goods and/or taxable services into two categories, i.e., used for either: • Productive purposes; or • Consumption. PP-1 provided the VAT not-collected facility for self-use of taxable goods and/or taxable services for productive purposes, with certain exceptions.	PP-44 defines a free-gift as a delivery of taxable goods and/or taxable services without any payment or remuneration in any name or form. PP-44 does not provide details of the VAT treatment of self-use or free gifts of taxable goods and/or taxable services. They will be further regulated by an MoF regulation.

Topic	Previous position under PP-1	Revised position under PP-44
Definition of business activities	Business activities were not defined in PP-1.	PP-44 defines business activities as all deliveries of taxable goods and/or taxable services in relation to operational and non-operational activities. Operational activities are revenue producing activities and other activities aside from investment and financing activities, as well as transactions and events that would affect the operating income. Non-operational activities are activities other than those falling within the definition of operational activities above.
Delivery of taxable goods that are used as collateral	N/A	When a taxable good is used as loan collateral (including under certain sharia financing schemes), it is not subject to VAT. However, if the debtor defaults on the loan and the taxable good held as collateral is sold by the creditor, the transaction is subject to VAT.
Deliveries of taxable goods through auction	PP-1 provided more detailed provisions related to the delivery of taxable goods through auction than PP-44.	PP-44 provides less detail on this matter as this will be further regulated by an MoF regulation.

Final VAT mechanism (*menggunakan besaran tertentu untuk memungut dan menyetorkan* PPN)	N/A	The HPP Law introduces final VAT mechanism and some subsequent MoF regulations have been issued (please refer to *Tax Info April 2022* and *Tax Info May 2022*).
		
		PP-44 provides clarification related to the final VAT mechanism, as follows:
		• If a delivery is subject to the final VAT mechanism and, at the same time, entitled to a VAT facility (VAT not-collected/exempted facility):
		  ○ The VAT is calculated using the final VAT mechanism.
		  ○ The VAT calculated is exempted/not collected, as appropriate.
		  ○ Input VAT related to the delivery that is subject to the final VAT mechanism is not creditable.
		• If the delivery that is subject to the final VAT mechanism is carried out between the headquarters and a branch or interbranch, the final VAT is collected using a value of zero as the basis on which to impose VAT.

Calculation of VAT that is already included in the selling/delivery price	PP-1 provided formulae for calculating VAT and luxury-goods sales tax (LST) where VAT and/or LST were included in the selling/delivery price.	PP-44 updates the formulae to accommodate the new VAT rate of 11% that has applied as from 1 April 2022 (and VAT rate of 12% when it is applied by 1 January 2025, at the latest).
Transactions in a currency other than Indonesian Rupiah (IDR)	A transaction in a currency other than IDR had to be converted into IDR using the foreign exchange rate determined by the MoF decision letter (KMK rate) applicable on the date when the VAT invoice was prepared.	A transaction in a currency other than IDR must be converted into IDR using the KMK rate applicable on the due date of issuance of the VAT invoice or other document treated as equivalent to a VAT invoice.

Topic	Previous position under PP-1	Revised position under PP-44
Definition of business expansion and split	PP-1 defined business expansion as splitting one business entity into two or more business entities by establishing new business entities and transferring part of the original entity's assets and liabilities to the new entities without liquidating the old entity.	PP-44 clarifies that the business expansion and split for VAT purpose should refer to a spin-off as defined in the Limited Liability Company Law (*Undang-Undang Perseroan Terbatas*).
VAT centralization arrangement	Under a VAT centralization arrangement, a VAT entrepreneur (*Pengusaha Kena Pajak* (PKP)) was required to carry out its sales administration in the selected centralized location.	In addition to sales administration, a PKP under a VAT centralization arrangement must also carry out its financial administration in the selected centralized location.
Treatment of VAT invoices issued more than three months late	A VAT invoice issued more than three months after the date the invoice should be issued was not regarded as a VAT invoice.	A VAT invoice issued more than three months after the date the invoice should be issued is not regarded as a VAT invoice; however, it still has to be reported in the VAT return. The provision also applies to documents treated as equivalent to VAT invoices.
Determination of VAT rate used	N/A	Where there is a change of VAT rate: • If the VAT is due before the VAT rate changes and the VAT invoice is also prepared before the date of change, the previous VAT rate should be used. • If the VAT is due on or after the date the VAT rate changes or the VAT invoice is prepared after the date of change, the new VAT rate should be used.

PP-49 – VAT facilities

Some of the major indirect tax changes were introduced by HPP Law are related to the VAT treatment and facilities applicable to certain goods and services. However, the HPP Law provided only a very high-level overview of the changes, with further details to be contained in an implementing regulation. On 12 December 2022, the government issued PP-49 to act as the implementing regulation. PP-49 comes into effect immediately upon issuance and has retroactive application to imports and other deliveries as from 1 April 2022, with transitional provisions for imports and deliveries from 1 April through 31 December 2022.

PP-49 revokes the following government regulations:

- Regulation Number 146 of 2000 (as amended by Regulation Number 38 of 2003) (PP-146) regarding VAT exemption for certain taxable goods and services;
- Regulation Number 81 of 2015 (as amended by Regulation Number 48 of 2020) (PP-81) regarding VAT exemption for certain strategic taxable goods and taxable services (please refer to *Tax Info October 2020*);
- Regulation Number 40 of 2015 (as amended by Regulation Number 58 of 2021) (PP-40) regarding VAT exemption for deliveries of clean water; and
- Regulation Number 50 of 2019 (PP-50/2019) regarding VAT not-collected facility on the import and delivery of certain transport and related services (please refer to *Tax Info July 2019*).

VAT facilities (VAT exemption facility and VAT not-collected facility)

PP-49 arranges VAT facilities into the following categories:
- VAT exemption facility for the import and/or delivery of certain taxable goods and services;
- Import and/or delivery of certain strategic taxable goods that is exempted from VAT;
- Delivery of certain strategic taxable services and/or utilization of certain offshore strategic taxable services in the Indonesian customs area that is exempted from VAT;
- VAT not-collected facility on import and/or delivery of certain strategic taxable goods and services and/or utilization of certain offshore strategic taxable services in the Indonesian customs area; and
- VAT not-collected facility on the import of taxable goods that are exempted from import duty.

VAT exemption facility for import and/or delivery of certain taxable goods and services

Most of the types of taxable goods and services that are VAT-exempt under PP-146 are grouped into this category:
- The import and/or delivery of following taxable goods:
  - Vaccines for COVID-19 (new) and polio;
  - Certain general textbooks, scriptures, and religious textbooks; and
  - Taxable goods received by certain government institutions in handling national disasters; and
- The delivery of following taxable services:
  - Construction services for building worship facilities;
  - Certain construction services on buildings for victims of national disasters (new); and
  - Taxable services (other than construction services) received by certain government institutions in handling national disasters (new).

The VAT exemption facility under this category is provided automatically, i.e., it is not necessary to apply for a VAT exemption letter (*surat keterangan bebas* (SKB)).

Import and/or delivery of certain strategic taxable goods exempted from VAT

The import and/or delivery of certain strategic taxable goods and services that was previously exempted from VAT under PP-81 is included in this category in PP-49, such as:
- Imports of certain machinery and factory equipment by an integrated construction party (i.e., an integrated engineering, procurement, and construction (EPC) company), excluding spare parts (further details will be regulated under MoF regulation;
- Certain goods produced from business activities in the marine and fishery sector; and
- Raw materials for silver handicrafts in the form of silver granules or bars.

The following goods that were previously nontaxable prior to the HPP Law and become taxable goods under the HPP Law are subject to the VAT exemption facility:
- Basic commodities essential to the public, such as rice, soybeans, and corn; and
- Mining or drilling products that are extracted directly from the source, such as crude oil and geothermal energy, but excluding coal.

The VAT exemption for the delivery of refill drinking water (*air minum isi ulang*) that was available under PP-40 is no longer available under PP-49.

Some types of taxable goods under PP-146 that are not within the first category above, such as weaponry and topography equipment used by the Ministry of Defense, are recategorized as strategic taxable goods and are eligible for the VAT exemption facility under this category.

Goods that are newly added into this category include vehicles used for presidential purposes and certain types of sugar.

The VAT exemption facility is provided either automatically or by requesting an SKB, depending on the goods being imported or delivered.

Delivery of certain strategic taxable services and/or utilization of certain offshore strategic taxable services in the Indonesian customs area exempted from VAT

This category consists of the delivery of following services:
- Medical/health services;
- Social services;
- Mail delivery services using stamps;
- Financial services;
- Insurance services;
- Educational services;
- Noncommercial broadcast services;
- Public transport services on land and water and domestic air transport services that are inseparable from international air transport services;
- Labor services;
- Public telephone services using coins;
- Money transfer services using postal money orders;
- Rental of certain qualifying apartments; and
- Certain services received by the Ministry of Defense or national army related to the provision of boundary data, topographic maps, hydrographic maps, and aerial photos.

Most of the services listed in this category were nontaxable services prior to the enactment of the HPP Law but are now treated as taxable services.

VAT not-collected facility on import and/or delivery of certain strategic taxable goods and services and/or utilization of certain offshore strategic taxable services in the Indonesian customs area

The VAT not-collected facility previously provided to the transportation industry under PP-50/2019 is now included in PP-55. In general, the taxable goods and services eligible for the facility remain the same.

VAT not-collected facility on import of taxable goods exempted from import duty

VAT is imposed and collected on the import of taxable goods even though the goods are exempted from import duty, but the VAT not-collected facility applies automatically. These goods include:
- Certain gifts for public worship, charitable, social, or cultural purposes;
- Goods for the purpose of research and development of science; and
- Certain goods necessary for people with disabilities.

Certain taxable goods imported and delivered subject to the VAT-not collected facility cannot be transferred to another party (with certain exceptions) or used within four years for purposes other than that for which they were initially intended. Otherwise, the importer/buyer must settle the VAT payable to the state treasury.

Crediting of input VAT

For deliveries that are exempted from VAT, the related input VAT is not creditable.

For deliveries to which the VAT not-collected facility applies, the related input VAT is creditable.

Transitional provisions

The provisions under PP-49 apply to imports and deliveries of goods and services made on or after 1 April 2022.

For imports and deliveries from 1 April through 11 December 2022 eligible for the VAT facility under this regulation but on which the VAT has already been collected or paid:

- For the seller/service provider:
  - If the VAT has been collected on a delivery that should have been exempted, the VAT collected must be remitted to the state treasury and the related input VAT is not creditable; and
  - If the VAT collected should have been not collected, the VAT collected must be remitted to the state treasury and the related input VAT is creditable.
- For the importer, buyer, or service recipient:
  - If the importer, buyer, or service recipient is a PKP, the VAT charged by the seller or service provider is creditable; and
  - If the importer, buyer, or service recipient is not a PKP, the VAT charged by the seller or service provider is a VAT that should not have been due.

Other matters

Implementing regulations for PP-146, PP-81, and PP-50/2019 remain valid provided that they do not conflict with PP-49.

PP-49 provides an extensive list of taxable goods and services that are eligible for VAT facilities. Businesses should review PP-49 in detail to assess the potential impact of the regulation to their situation.

Customs Focus

Updates on Changes to Procedures for Import of Intangible Goods

MoF has issued Regulation Number 190/PMK.04/2022 (PMK-190) regarding guidelines on the release of imported goods for use. PMK-190 revokes the previous Regulation Number 228/PMK.04/2015 (PMK-228) and, among others, aims to support the government's effort to regulate imports of digital goods.
The salient points of PMK-190 are as follows:

PMK-190 clarifies the procedures of import of intangible goods such as software and other digital goods.

1. Delivery of intangible imported goods

PMK-190 now clarifies that the delivery of intangible imported goods, such as software, and other digital goods can be made through electronic transmissions. Previously under PMK-228, there is no mechanism for declaring import of intangible goods. Typically, an importer does not declare this in a standalone importation.

2. Information required in the import declaration ("PIB") of intangible goods

a. Customs office where the customs obligation is settled;
b. type of PIB;
c. type of import;
d. type of payment;
e. consignor's data;
f. importer's data;
g. PPJK's data (in the event that it is delegated to a PPJK);
h. invoice;
i. transaction;
j. foreign exchange;
k. NDPBM;
l. FOB;
m. CIF value;
n. tariff and description of goods;
o. country of origin; and
p. type of collection of import duty, excise, VAT, LST, and income tax.

3. Settlement of customs obligation and submission of PIB on import of intangible goods

The settlement of customs obligation on import of intangible goods shall be carried out no later than 30 days since its purchase payment date.

PMK-190 comes into effect as from 14 January 2023.

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