



Indonesia Tax Info March 2024

VAT facility on the sale of certain residential properties extended

On 13 February 2024, Indonesia's Minister of Finance (MoF) issued Regulation Number 7 of 2024 (PMK-7) to extend the government-borne VAT facility on the sale of landed houses and residential units by a VAT-able entrepreneur (*Pengusaha Kena Pajak* (PKP)) to an individual homeowner (buyer) that was previously introduced by PMK-120 of 2023 (PMK-120) (please refer to [Tax Info December 2023](#)).

PMK-7 extends the facility, which otherwise would have ended on 31 December 2023, to 31 December 2024. Consequently, as from 1 January 2024, the government bears 100% of the VAT if the transfer of the rights to the property occurs between 1 January 2024 and 30 June 2024 (and 50% of the VAT if the transfer 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 regulation stipulates that individuals who have obtained the government-borne VAT facility under PMK-120 but still have remaining payments on which VAT is due in 2024 may utilize the VAT facility provided in PMK-7 for such remaining payments.

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However, individuals who have benefited from the government-borne VAT facility under PMK-120 cannot utilize the VAT facility under PMK-7 for the purchase of another residential property.

VAT facility on sale of certain qualifying battery-based electric vehicles extended

Other than the extension of VAT facility granted on the sale of certain residential properties, on 15 February 2024, the MoF also issued Regulation Number 8 of 2024 (PMK-8) to extend the existing VAT facility whereby the government would bear a portion of VAT due on the sale of qualifying battery-based electric vehicles (*Kendaraan Bermotor Listrik Berbasis Baterai* or BEVs). The qualifying BEVs are BEVs that are newly registered and meet the domestic requirements.

PMK-8 extends this government-borne VAT facility, which otherwise would have ended on 31 December 2023 (please refer to [Tax Info December 2023](#)), to 31 December 2024. Consequently, as from 1 January 2024, the government continues to bear a portion of the VAT due on the sale of certain qualifying electric four-wheeled vehicles and electric buses, as follows:

Type of BEV	Domestic content	Portion of VAT borne by the government
Four-wheeled vehicle	Minimum 40%	10% of the selling price
Bus	Minimum 40%	10% of the selling price
	Minimum 20% but less than 40%	5% of the selling price

In addition, the PKP delivering the qualifying BEVs mentioned above is provided with low-risk PKP status and thus eligible for a preliminary VAT refund.

LST facility introduced for qualifying battery-based electric vehicles

On 8 December 2023, the Indonesian President issued Regulation Number 79 of 2023 amending Presidential Regulation Number 55 of 2019 that provided various fiscal and nonfiscal incentives to accelerate the program for BEVs (Perpres-55) (please refer to [Legal Client Alert March 2024](#)). In response to Perpres-55, on 15 February 2024, the MoF issued Regulation Number 9 of 2024 (PMK-9) to introduce a government-borne luxury-goods sales tax (LST) facility that is granted for import and/or delivery of certain qualifying electric four-wheeled vehicles by certain PKPs. The eligible PKPs are companies that have met the criteria stipulated by Minister of Investment (MoI) Regulation Number 6 of 2023 (PMI-6). The facility will be provided between January and December 2024.

BEVs eligible for this facility, up to a certain quantity as stipulated in PMI-6, comprise:

- BEVs that are completely built-up (CBU BEVs), i.e., motorized vehicles imported completely built-up as four-wheeled BEVs; and
- BEVs that are completely knocked-down (CKD BEVs), i.e., motorized vehicles imported completely knocked-down (delivered in parts and assembled in Indonesia) as four-wheeled BEVs.

Under PMK-9, the government will bear 100% of the LST payable on imports of CBU BEVs as well as deliveries of certain CKD BEVs meeting the domestic content requirement, i.e., 20% to 40% of components used to build the vehicle are produced domestically. The facility is applicable upon obtaining a letter of approval for the use of this facility from the Mol.

For imports of CBU BEVs, the PKPs must issue import declarations in accordance with the provisions in the Customs Law. For delivery of CKD BEVs, the PKPs must issue VAT invoices using the transaction code “01” containing certain information required by PMK-9.

These import declarations and VAT invoices must be reported in the issuing PKPs’ monthly VAT returns (including their amendments) for the fiscal periods of January to December 2024. These VAT returns serve as facility realization reports, provided they are submitted by 31 January 2025.

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

- The PKPs do not have the approval letter from the Mol for the use of this LST facility, and/or the requirements related to CBU BEVs or CKD BEVs are not met;
- The LST period is not between January and December 2024;
- The PKPs do not issue import declarations and/or VAT invoices in accordance with the prevailing regulations; and/or
- The import declarations and VAT invoices issued for imports and/or deliveries of four-wheeled BEVs that are subject to this LST facility are not reported in the facility realization reports.

LST on imports and/or delivery of certain qualifying BEVs by certain PKPs may be borne by the government.

Customs Focus

Amendment to regulation on goods classification system and import duty tariffs

MoF issued Regulation Number 10 of 2024 (PMK-10) on 12 February 2024 amending MoF Regulation Number 26 of 2022 regarding Determination of Goods Classification System and Imposition of Import Duty Tariffs on Imported Goods (PMK-26). The issuance of PMK-10 also corresponds to Perpres-55 and aims to encourage the transition from fossil fuels to electricity, attract investment, and increase domestic production of BEVs. More importantly, it provides import duty incentives for import of four-wheeled CBU BEVs and CKD BEVs.

Salient points of PMK-10:

Until 31 December 2025, an import duty tariff of 0% shall be granted for the BEVs with following HS code:

- 8703.80.17 (Sedan);
- 8703.80.18 (Other cars, including station wagons and sports cars, but excluding vans);
- 8703.80.19 (Others); and
- 8703.80.97, 8703.80.98, and 8703.80.99.

To enjoy this rate, importers are required to provide an import declaration (*Pemberitahuan Impor Barang* (PIB)) that:

- Is attached with a letter of approval issued by the MoI for the utilization of incentives for the import and/or delivery of four-wheeled BEVs; and
- Includes the facility code "87", that is approval for the utilization of import incentives and/or delivery of four-wheeled BEVs, in the Import Requirement/Facility column.

PMK-10 has taken effect since 15 February 2024.

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