

TAX UPDATES

Issue 01 | January 2025

THE IMPLEMENTATION OF THE 12% VAT RATE



The government has issued Minister of Finance (MoF) Regulation No. 131 of 2024 (MoF Regulation-131/2024), which comes into effect starting January 1, 2025. The issuance of MoF Regulation-131/2024 is a follow-up by the government in their implementation of the mandate of Law No. 7 of 2021 regarding the Harmonization of Tax Regulations, which set a VAT rate of 12% that will come into effect by no later than January 1, 2025; while, on the other hand, still realizing the aspect of justice for the community.

Based on the provisions in MoF Regulation-131/2024, the VAT calculation mechanism may be divided into 3 categories:

- a. Luxury goods subject to Sales Tax on Luxury Goods
- b. Goods and services excluding luxury goods
- c. Deliveries using other value as a Tax Base or VAT at certain amounts that have been regulated in separate tax regulations.

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RELATED TAX REGULATIONS*:

- [Minister of Finance Regulation No. 131 of 2024](#)

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**THE IMPLEMENTATION OF THE 12% VAT RATE**

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A. Luxury Goods Subject to Sales Tax on Luxury Goods

For the import and/or delivery of Taxable Goods classified as luxury goods in the form of motor vehicles; and others excluding motor vehicles, which are subject to Sales Tax on Luxury Goods, VAT is owed at a rate of 12% of the Tax Base in the form of the selling price or import value.

The types of luxury goods subject to Sales Tax on Luxury Goods refer to:

- MoF Regulation No. 141/PMK.010/2021 as last amended through MoF Regulation No. 42/PMK.010/2022 for motor vehicles;
- MoF Regulation No. 96/PMK.03/2021 as last amended through MoF Regulation No. 15/PMK.03/2023 for others excluding motor vehicles, such as luxury residences with a selling price of \geq IDR 30 billion; hot air balloon group; aircraft group; firearms group; luxury yacht group.

There are transitional provisions for Taxable Entrepreneurs who make deliveries of luxury Taxable Goods to buyers with end-consumer characteristics starting from January 1, 2025 until January 31, 2025, specifically that the VAT payable is calculated at a rate of 12% of the other value Tax Base amounting to 11/12 of the selling price (effective VAT rate of 11%).

B. Goods and Services on others Excluding Luxury Goods

For the import and/or delivery of other non-luxury Taxable Goods; the delivery of Taxable Services; and the utilization of Intangible Taxable Goods and/or Taxable Services from outside the Customs Area within the Customs Area, VAT is payable at a rate of 12% from the other Tax Base value of 11/12 of the import value, selling price, or replacement. Thus, the effective VAT rate remains at 11% even though the applicable VAT rate has become 12%.

Furthermore, the application of the Tax Invoice transaction code still refers to the DGT Regulation No. PER-03/PJ/2022 as last amended through PER-11/PJ/2022, in which the Tax Invoice transaction code for the delivery of Taxable Goods or Taxable Services using other value Tax Base is 04. However, if the delivery:

- receives VAT facilities that are not collected or exempted, then the Tax Invoice transaction code used remains as 07 or 08 with the other value Tax Base of 11/12;
- is done for VAT collectors or government agencies, then the Tax Invoice transaction code used remains as 02 or 03 with the other value Tax Base of 11/12.

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THE IMPLEMENTATION OF THE 12% VAT RATE

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C. Deliveries Using Other Values as a Tax Base or VAT at Certain Amounts that Have Been Regulated in Separate Tax Regulations

In Article 4 paragraph (1) of MoF Regulation-131/2024, there is an exemption for Taxable Entrepreneurs who collect VAT on the transfer of Taxable Goods or Taxable Services using other value Tax Base or VAT at certain amounts, the provisions of which have been regulated in separate tax regulations, including:

- own use or free gifts that are subject to VAT with other value Tax Bases;
- Self-Building Activities that are subject to VAT at certain amount;
- postal parcel delivery services, freight forwarding services, crypto asset trading, insurance agent services, etc., that are subject to VAT at certain amount.

Therefore, for deliveries that are subject to VAT using other value Tax Base or VAT at certain amount as referred to above, the calculation of other value Tax Base or VAT at certain amount still refers to the applicable provisions and may not use the calculation of the other value Tax Base of 11/12, as referred to in MoF Regulation-131/2024.

(RED/T3/ALC)

NEW TAX REGULATIONS

ISSUED ON DECEMBER 2024 TO JANUARY 2025



The Minister of Finance Regulation Number 131 Year 2024 dated December 31, 2024

Treatment of VAT on the Import of Taxable Goods; Delivery of Taxable Goods; Delivery of Taxable Services; Utilization of Intangible Taxable Goods from Outside the Customs Area within the Customs Area; and the Utilization of Taxable Services from Outside the Customs Area within the Customs Area



The Minister of Finance Regulation Number 135 Year 2024 dated December 31, 2024

Sales Tax on Luxury Goods on the Import and/or Delivery of Taxable Goods Classified as Luxurious, in the form of Certain Four-Wheeled Battery Electric Vehicles, Borne by the Government for Fiscal Year of 2025

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NEW TAX REGULATIONS ISSUED ON DECEMBER 2024 TO JANUARY 2025

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The Minister of Finance Decision Number 19/KM.10/2024
dated December 30, 2024

Interest Rates as the Basis of the Calculation of Administrative Sanctions in the form of Interest and the Granting of Interest Compensation for the Period of January 1, 2025 to January 31, 2025



DGT Regulation Number PER-1/PJ/2025
dated January 3, 2025

Technical Guidelines on the Preparation of Tax Invoices in the Context of the Implementation of Minister of Finance Regulation Number 131 Year 2024 regarding the Treatment of VAT on the Import of Taxable Goods, Delivery of Taxable Goods, Delivery of Taxable Services, Utilization of Intangible Taxable Goods from Outside the Customs Area within the Customs Area, and the Utilization of Taxable Services from Outside the Customs Area within the Customs Area

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The information contained in this document is intended only to be a guide. It must not be relied on in, or applied to, specific situation without previously seeking proper professional advice.

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