

TaxFlash



Luxury-goods Sales Tax on very luxurious motor vehicles is increased

The Government has finally released the long talked-about new regulation concerning the increase of Luxury-goods Sales Tax (LST) on very luxurious motor vehicles through the issue of Government Regulation No.22/2014 (GR-22) dated 19 March 2014. GR-22 serves as an amendment to GR No.41/2013 (GR-41) and will come into effect starting 18 April 2014 (i.e. 30 days after its enactment date).

GR-22 increases the LST rate of very luxurious motor vehicles which previously fell within the 75% rate category to be subject to 125% LST rate. The vehicles' specifications remain the same. Below is the complete list of LST objects and rates based on GR-22. We highlight the changes in bold.

Vehicle Type	Wheel Driver System	Motor System Engine	Cylinder Capacity (CC)	LST Rate
<i>Passenger vehicles, capacity fewer than ten people</i>				
• Sedan/ station wagon	All types	Spark ignition	≤1500 >1500 up to 3000 > 3000	30% 40% 125%
		Compression ignition (diesel/semi diesel)	≤1500 >1500 up to 2500 > 2500	30% 40% 125%

Vehicle Type	Wheel Driver System	Motor System Engine	Cylinder Capacity (CC)	LST Rate
• Other than sedan/ station wagon	4X2	Spark ignition	≤1500 >1500 up to 2500 >2500 up to 3000 >3000	10% 20% 40% 125%
		Compression ignition (diesel/ semi diesel)	≤1500 >1500 up to 2500 >2500	10% 20% 125%
	4X4	Spark ignition	≤1500 >1500 up to 3000 >3000	30% 40% 125%
		Compression ignition (diesel/ semi diesel)	≤1500 >1500 up to 2500 >2500	30% 40% 125%
<i>Passenger vehicles, capacity 10 to 15 people</i>	All types	All types	All types	10%
<i>Double-cabin vehicles</i>	All types	All types	All types	20%
<i>Special-purpose vehicles</i>				
<ul style="list-style-type: none"> • All types of vehicles for golf • Vehicles used to travel on snow, beaches, and mountains • Caravan-type trailers and semi-trailers for residential and camping purposes 				50% 60% 125%
<i>Two-wheel motor vehicles</i>			>250 up to 500 >500	60% 125%

The motor vehicles for which the LST rate has increased from 75% to 125% will still be eligible for the existing "green car" incentive in the form of a reduced LST base that will effectively lower the applied LST. The applicable "green car" requirements and LST base are as follows:

LST Base (% from the sales price)	Incentive Programme
75%	Motor vehicles using advanced diesel/petrol engine technology, dual petrol gas engines (converter kit Compressed Natural Gas (CNG) or Liquefied Gas for Vehicles (LGV)), biofuel engines, hybrid engines, CNG/LGV dedicated engines with oil fuel consumption (and other similar fuel) of 20 to 28 km/litre
50%	Motor vehicles using advanced diesel/petrol engine technology, biofuel engines, hybrid engines, CNG/LGV dedicated engines with oil fuel consumption (and other similar fuel) of more than 28 km/litre

Your PwC Indonesia contacts

Abdullah Azis
abdullah.azis@id.pwc.com

Adi Poernomo
adi.poernomo@id.pwc.com

Adi Pratikto
adi.pratikto@id.pwc.com

Ali Mardi
ali.mardi@id.pwc.com

Ali Widodo
ali.widodo@id.pwc.com

Andrias Hendrik
Andrias.hendrik@id.pwc.com

Anthony J. Anderson
anthony.j.anderson@id.pwc.com

Anton Manik
anton.a.manik@id.pwc.com

Antonius Sanyojaya
antonius.sanyojaya@id.pwc.com

Ay Tjhing Phan
ay.tjhing.phan@id.pwc.com

Brian Arnold
brian.arnold@id.pwc.com

Engeline Siagian
engeline.siagian@id.pwc.com

Gadis Nurhidayah
gadis.nurhidayah@id.pwc.com

Hendra Lie
hendra.lie@id.pwc.com

Irene Atmawijaya
irene.atmawijaya@id.pwc.com

Ita Budhi
ita.budhi@id.pwc.com

Ivan Budiarnawan
ivan.budiarnawan@id.pwc.com

Laksmi Djuwita
laksmi.djuwita@id.pwc.com

Mardianto
mardianto.mardianto@id.pwc.com

Margie Margaret
margie.margaret@id.pwc.com

Michelle Mianova
michelle.mianova@id.pwc.com

Nigel Hobler
nigel.hobler@id.pwc.com

Parluhutan Simbolon
parluhutan.simbolon@id.pwc.com

Ravi Gupta
ravi.r.gupta@id.pwc.com

Ryuji Sugawara
ryuji.sugawara@id.pwc.com

Sutrisno Ali
sutrisno.ali@id.pwc.com

Suyanti Halim
suyanti.halim@id.pwc.com

Tim Watson
tim.robert.watson@id.pwc.com

Tjen She Siung
tjen.she.siung@id.pwc.com

Yessy Anggraini
yessy.anggraini@id.pwc.com

Yuliana Kurniadjaja
yuliana.kurniadjaja@id.pwc.com

www.pwc.com/id

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