

# TaxFlash



## ***Excise exemption in Bonded Zones and Bonded Warehouses***

On 25 November 2015, the Government issued Government Regulation (GR) No.85/2015 (GR-85) that amends GR No.32/2009 regarding Bonded Stockpiling. Specifically for Bonded Zones and Bonded Warehouses a new excise facility has been added, so the complete tax and customs facilities are as follows:

- postponement of import duty;
- non-collection of Value Added Tax (VAT), Luxury-goods Sales Tax (LST) and Article 22 Income Tax; and
- exemption of excise - *new*.

## ***Tax facility on the delivery of anode slime***

Anode slime is a by-product from copper refining that is used to produce gold bars. As this industry is considered important for national development, the Government issued Regulation No.106/2015 (GR-106) that stipulates anode slime as a strategic good as long as it is used to produce gold bars. Hence, VAT “is not collected” (as opposed to be VAT-exempted) on deliveries of anode slime for that purpose.

GR-106 will be effective 30 days after enactment (from 26 January 2015). Strategic goods must generally be used in accordance with its original purpose and cannot be transferred to other parties, otherwise the VAT which was previously not-collected must be paid.

## **Lower withholding tax rate on time deposit interest for exporters**

As part of the effort to maintain the Rupiah's stability, the Government issued Regulation No.123/2015 (GR-123) regarding Article 4(2) Final Tax on interest from Time Deposits (TDs) and Bank Indonesia Certificates, which amends GR No.131/2000.

GR-123 provides a lower Article 4(2) Final Tax rate on TD interest sourced from export proceeds (*Devisa Hasil Ekspor*) that is placed in Indonesian banks. The lower rates are as follows:

- a. TD in USD:
  - 10% for TD with a one month period
  - 7.5% for TD with a three month period
  - 2.5% for TD with a six month period
  - 0% for TD with more than a six month period
- b. TD in IDR:
  - 7.5% for TD with a one month period
  - 5% for TD with a three month period
  - 0% for TD with a six month period or more

GR-123 is applicable since 28 December 2015.

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