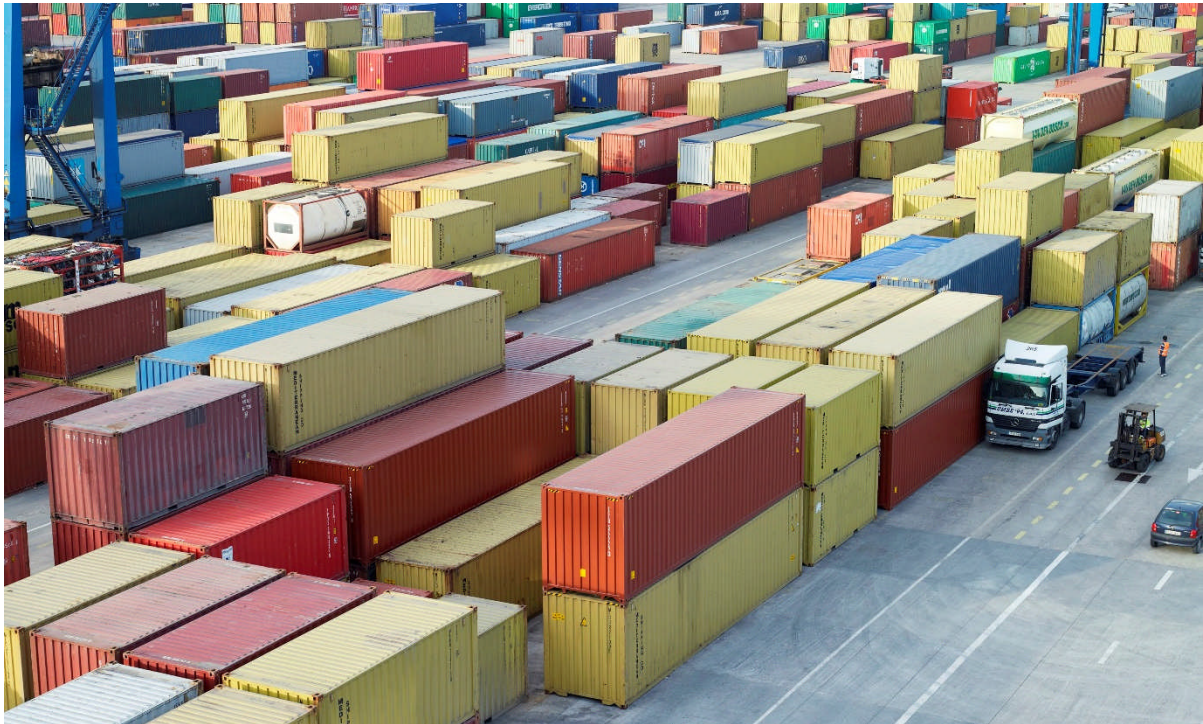


# TaxFlash



## ***Update on Indonesian Tariff Book – no more ten-digit commodity nomenclature***

Indonesia, as a World Customs Organisation Member and an ASEAN Member State, has adopted the eight-digit commodity nomenclature of the ASEAN Harmonized Tariff Nomenclature (AHTN). Due to the importance of the Harmonised System (HS) as a global tool for collecting trade statistics and monitoring trade, there are amendments to HS Codes in agricultural, chemical, wood, textile, base metal, machinery, transport and other sectors. Following the amendments, the Minister of Finance (MoF) issued Regulation No.6/PMK.010/2017 (PMK-06) regarding classification of commodity and import duty rate on 27 January 2017.

This provision has resulted in an update to the current Indonesian Tariff Book (*Buku Tarif Kepabeanan Indonesia/BTKI*) for the year 2017 onwards. The previous version of the BTKI issued in 2012 consisted of ten-digit commodity nomenclature, wherein the last two digits were an identifier for Indonesian purposes only. Now the new BTKI, effective from 1 March 2017, consists of an eight-digit commodity nomenclature, due to the following reasons:

1. Recommendation from AHTN Task Force and in accordance with AHTN Protocol;
2. Supporting the establishment of the ASEAN Economic Community;
3. As a basis to form an ASEAN Single Window; and
4. As a starting point for the implementation of a Single Document Export-Import (ASEAN Customs Declaration Document) among ASEAN Member States.

The updates to the BTKI are summarised as follows:

	BTKI (2012)	BTKI (2017)
Classification Structure	10 digits	8 digits
Total Chapters	98	98
Total Subheading WCO	5,205 (6-digit level)	5,387 (6-digit level)
Total Subheading AHTN	9,558 (8-digit level)	10,826 (8-digit level)
Total HS Codes (National)	10,025 (10-digit level)	

## ***New Luxury-goods Sales Tax regulations***

Following global changes to HS Codes as mentioned in PMK-6, the MoF has amended other relevant tax regulations to be in line with the new HS Codes. On 1 March 2017, the MoF has issued the following regulations in relation to Luxury-goods Sales Tax (LST):

1. Regulation No.33/PMK.010/2017 (PMK-33) as an amendment to the MoF Regulation No.64/PMK.011/2014 regarding types of motor vehicle subject to LST; and
2. Regulation No.35/PMK.010/2017 (PMK-35) regarding types of luxurious taxable goods other than motor vehicle subject to LST. This regulation revokes MoF Regulation No.106/PMK.010/2015 as amended by MoF Regulation No.206/PMK.010/2015.

Other than updating the HS Codes, PMK-33 and PMK-35 do not change the list of goods subject to LST nor any shifting in the LST rates. Specific to motor vehicles, PMK-33 now includes hybrid engines in the definition of each type of motor vehicle.

## ***New Article 22 Income Tax regulations***

On 1 March 2017, the MoF also issued Regulation No.34/PMK.010/2017 (PMK-34) on Article 22 Income Tax (*PPh 22*) collection to update several points as well as to reflect the new HS Codes as stipulated in PMK-6. PMK-34 revokes MoF Regulation No.154/KMK.03/2010 as lastly amended by MoF Regulation No.16/PMK.010/2016.

Key changes in PPh 22 collection stipulated in PMK-34 are as follows:

### ***The import of certain end consumer goods subject to PPh 22 at 10%***

On top of the existing list of goods, PMK-34 adds packages that are subject to single rated import duty under Customs Law to be also subject to PPh 22.

### ***The purchase of oil fuel by gas stations***

PMK-34 shifts the focus of PPh 22 imposition to be seller-centric rather than buyer-centric, as follows:

1. PPh 22 at 0.25% now applies to the sale of oil fuel by Pertamina and its subsidiaries to gas stations. Previously it applied to the purchase of oil fuel by Pertamina gas stations;
2. PPh 22 at 0.3% now applies to the sale of oil fuel by parties other than Pertamina and its subsidiaries to gas stations. Previously it applied to the purchase of oil fuel by non-Pertamina gas station.

### ***The purchase of forestry, plantation, agriculture, cattle breeding, and fishery products by manufacturers or exporters***

PMK-34 is focusing on the imposition of PPh 22 on the purchase of the above products without limiting the manufacturers or exporters to be only those in forestry, plantation, agriculture, cattle breeding, and fishery sectors. The rate of PPh 22 remains the same at 0.25%.

### Additional event that is exempt from PPh 22 collection on the sale of certain products to certain PPh 22 Collectors

The sale of certain products to certain PPh 22 Collectors (e.g. State Owned Enterprises/SOEs and its subsidiaries) may be exempt from PPh 22. One of these events is the sale of oil and gas (including derivative products sourced from upstream oil and gas) produced in Indonesia by a Contractor of a Production Sharing Contract or the Contractor's head office. This exemption has now expanded to the sale of the same products by the Contractor's trading arms.

### The purchase of basic necessity foods by the Bureau of Logistics (*Badan Urusan Logistik/BULOG*) or appointed SOEs

With the aim of maintaining food availability and price stability, this event is now added as an exemption from PPh 22. This tax exemption will apply automatically without the need for a Tax Exemption Letter issued by the Director General of Tax.

## 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

**Alexander Lukito**  
alexander.lukito@id.pwc.com

**Ali Widodo**  
ali.widodo@id.pwc.com

**Andrias Hendrik**  
andrias.hendrik@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

**Dany Karim**  
dany.karim@id.pwc.com

**Deny Unardi**  
deny.unardi@id.pwc.com

**Engeline Siagian**  
engeline.siagian@id.pwc.com

**Enna Budiman**  
enna.budiman@id.pwc.com

**Gadis Nurhidayah**  
gadis.nurhidayah@id.pwc.com

**Gerardus Mahendra**  
gerardus.mahendra@id.pwc.com

**Hanna Nggelan**  
hanna.nggelan@id.pwc.com

**Hasan Chandra**  
hasan.chandra@id.pwc.com

**Hendra Lie**  
hendra.lie@id.pwc.com

**Hyang Augustiana**  
hyang.augustiana@id.pwc.com

**Laksmi Djuwita**  
laksmi.djuwita@id.pwc.com

**Lukman Budiman**  
lukman.budiman@id.pwc.com

**Mardianto**  
mardianto.mardianto@id.pwc.com

**Margie Margaret**  
margie.margaret@id.pwc.com

**Otto Sumaryoto**  
otto.sumaryoto@id.pwc.com

**Parluhutan Simbolon**  
parluhutan.simbolon@id.pwc.com

**Peter Hohtoulas**  
peter.hohtoulas@id.pwc.com

**Runi Tusita**  
runi.tusita@id.pwc.com

**Ryosuke R Seto**  
ryosuke.r.seto@id.pwc.com

**Ryuji Sugawara**  
ryuji.sugawara@id.pwc.com

**Soeryo Adjie**  
soeryo.adjie@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

**Turino Suyatman**  
turino.suyatman@id.pwc.com

**Yessy Anggraini**  
yessy.anggraini@id.pwc.com

**Yuliana Kurniadjaja**  
yuliana.kurniadjaja@id.pwc.com

**Yunita Wahadaniah**  
yunita.wahadaniah@id.pwc.com

[www.pwc.com/id](http://www.pwc.com/id)

 [PwC Indonesia](#)

 [@PwC Indonesia](#)

 [@pwcindonesia](#)

 [PwC Indonesia](#)

 [pwc\\_indonesia](#)

If you would like to be removed from this mailing list, please reply and write UNSUBSCRIBE in the subject line, or send an email to [contact.us@id.pwc.com](mailto:contact.us@id.pwc.com)

**DISCLAIMER:** This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2017 PT Prima Wahana Caraka. All rights reserved. PwC refers to the Indonesia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.