

VAT/LST exemption for foreign country representatives and international organisations – an update <sup>P1</sup>

Strategic goods exempted from VAT – an update <sup>P2</sup>

## VAT/LST exemption for foreign country representatives and international organisations – an update

On 18 August 2020, the Government issued Government Regulation No. 47 Year 2020 (GR-47) to provide a Value Added Tax (VAT) and/or Luxury goods Sales Tax (LST) exemption on the import of taxable goods and on the delivery of taxable goods/services to foreign country representatives and international organisations, including their foreign officers.

GR-47 comes into force after 60 days from the date of promulgation (i.e. 17 October 2020) and it revokes Government Regulation No. 47 Year 2013 regarding the same matter.

The VAT/LST exemption facility under GR-47 is available for:

- a. Foreign country representatives or their officers, on a reciprocal basis with a recommendation from the Minister of Foreign Affairs;
- b. International organisations or their officers who have obtained recommendations from the Minister of State Secretary:
  - based on an agreement between the Indonesian government and the international organisation where the agreement stipulates a VAT/LST exemption – *new*; or
  - based on international custom, if there is no agreement, or if the agreement does not stipulate a VAT/LST exemption – *new*.

As with the previous regulation, the exemption mechanism is as follows:

- ✓ The tax facility will be provided by the Minister of Finance (MoF) through the issuance of a Tax Exemption Letter.
- ✓ VAT and/or LST can be refunded if already been paid by the foreign country representative or international organisation.
- ✓ The exempted tax must be repaid if the relevant taxable goods are transferred within four years, or any time for taxable services, and the repayment must be made within one month of the transfer.
- ✓ The exempted tax does not need to be repaid if the transfer is made between foreign country representatives or international organisations.

An MoF Regulation will be issued detailing procedures regarding: a) the issuance of Tax Exemption Letters; b) refunds of VAT and/or LST; and c) repayments of VAT and/or LST.

## Strategic goods exempted from VAT – an update

On 24 August 2020, the Government issued Regulation No. 48 Year 2020 (GR-48) which stipulates the strategic goods that are exempted from VAT. GR-48 is effective from 24 August 2020 and serves as an amendment of Regulation No. 81 Year 2015 regarding the same matter.

GR-48 made the following amendments to the strategic goods that are exempted from VAT:

- The import or delivery of factory machinery and equipment constituting one integrated unit (either built-up or knocked-down – excluding spare parts) to be used directly in the production process of taxable goods by a VAT-able Entrepreneur. This now includes those that are imported or acquired by the parties carrying out the integrated construction work.
- The attachment of GR-48 slightly changes the process and type of fishery and marine products falling under strategic goods.
- The delivery of electricity (except for houses with power exceeding 6,600 Volt-Ampere), now includes electricity connection costs.
- The import or delivery of Liquefied Natural Gas – *new*.

It is worth noting that, based on the existing implementing regulation, VAT-able Entrepreneurs who deliver strategic taxable goods must still issue tax invoices although the VAT is exempted.

## Your PwC Indonesia contacts:

**Abdullah Azis**  
[abdullah.azis@pwc.com](mailto:abdullah.azis@pwc.com)

**Gerardus Mahendra**  
[gerardus.mahendra@pwc.com](mailto:gerardus.mahendra@pwc.com)

**Peter Hohtoulas**  
[peter.hohtoulas@pwc.com](mailto:peter.hohtoulas@pwc.com)

**Adi Poernomo**  
[adi.poernomo@pwc.com](mailto:adi.poernomo@pwc.com)

**Hasan Chandra**  
[hasan.chandra@pwc.com](mailto:hasan.chandra@pwc.com)

**Raemon Utama**  
[raemon.utama@pwc.com](mailto:raemon.utama@pwc.com)

**Adi Pratikto**  
[adi.pratikto@pwc.com](mailto:adi.pratikto@pwc.com)

**Hendra Lie**  
[hendra.lie@pwc.com](mailto:hendra.lie@pwc.com)

**Runi Tusita**  
[runi.tusita@pwc.com](mailto:runi.tusita@pwc.com)

**Alexander Lukito**  
[alexander.lukito@pwc.com](mailto:alexander.lukito@pwc.com)

**Hisni Jesica**  
[hisni.jesica@pwc.com](mailto:hisni.jesica@pwc.com)

**Ryuji Sugawara**  
[ryuji.sugawara@pwc.com](mailto:ryuji.sugawara@pwc.com)

**Ali Widodo**  
[ali.widodo@pwc.com](mailto:ali.widodo@pwc.com)

**Hyang Augustiana**  
[hyang.augustiana@pwc.com](mailto:hyang.augustiana@pwc.com)

**Soeryo Adjie**  
[soeryo.adjie@pwc.com](mailto:soeryo.adjie@pwc.com)

**Amit Sharma**  
[amit.xz.sharma@pwc.com](mailto:amit.xz.sharma@pwc.com)

**Kianwei Chong**  
[kianwei.chong@pwc.com](mailto:kianwei.chong@pwc.com)

**Sujadi Lee**  
[sujadi.lee@pwc.com](mailto:sujadi.lee@pwc.com)

**Andrias Hendrik**  
[andrias.hendrik@pwc.com](mailto:andrias.hendrik@pwc.com)

**Laksmi Djuwita**  
[laksmi.djuwita@pwc.com](mailto:laksmi.djuwita@pwc.com)

**Sutrisno Ali**  
[sutrisno.ali@pwc.com](mailto:sutrisno.ali@pwc.com)

**Anton Manik**  
[anton.a.manik@pwc.com](mailto:anton.a.manik@pwc.com)

**Lukman Budiman**  
[lukman.budiman@pwc.com](mailto:lukman.budiman@pwc.com)

**Suyanti Halim**  
[suyanti.halim@pwc.com](mailto:suyanti.halim@pwc.com)

**Antonius Sanyojaya**  
[antonius.sanyojaya@pwc.com](mailto:antonius.sanyojaya@pwc.com)

**Mardianto**  
[mardianto.mardianto@pwc.com](mailto:mardianto.mardianto@pwc.com)

**Tim Watson**  
[tim.robert.watson@pwc.com](mailto:tim.robert.watson@pwc.com)

**Ay Tjhing Phan**  
[ay.tjhing.phan@pwc.com](mailto:ay.tjhing.phan@pwc.com)

**Margie Margaret**  
[margie.margaret@pwc.com](mailto:margie.margaret@pwc.com)

**Tjen She Siung**  
[tjen.she.siung@pwc.com](mailto:tjen.she.siung@pwc.com)

**Brian Arnold**  
[brian.arnold@pwc.com](mailto:brian.arnold@pwc.com)

**Oki Octabiyanto**  
[oki.octabiyanto@pwc.com](mailto:oki.octabiyanto@pwc.com)

**Turino Suyatman**  
[turino.suyatman@pwc.com](mailto:turino.suyatman@pwc.com)

**Dexter Pagayonan**  
[dexter.pagayonan@pwc.com](mailto:dexter.pagayonan@pwc.com)

**Omar Abdulkadir**  
[omar.abdulkadir@pwc.com](mailto:omar.abdulkadir@pwc.com)

**Yessy Anggraini**  
[yessy.anggraini@pwc.com](mailto:yessy.anggraini@pwc.com)

**Enna Budiman**  
[enna.budiman@pwc.com](mailto:enna.budiman@pwc.com)

**Otto Sumaryoto**  
[otto.sumaryoto@pwc.com](mailto:otto.sumaryoto@pwc.com)

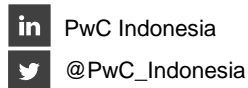
**Yuliana Kurniadjaja**  
[yuliana.kurniadjaja@pwc.com](mailto:yuliana.kurniadjaja@pwc.com)

**Gadis Nurhidayah**  
[gadis.nurhidayah@pwc.com](mailto:gadis.nurhidayah@pwc.com)

**Parluhutan Simbolon**  
[parluhutan.simbolon@pwc.com](mailto:parluhutan.simbolon@pwc.com)

**Yunita Wahadaniah**  
[yunita.wahadaniah@pwc.com](mailto:yunita.wahadaniah@pwc.com)

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



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.

© 2020 PT Prima Wahana Caraka. All rights reserved. PwC refers to the Indonesian 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.