

Customs incentives  
related to COVID-19  
vaccine <sup>P1</sup>

## Customs incentives related to COVID-19 vaccine

The Minister of Finance (MoF) issued Regulation No.PMK-188<sup>1</sup> that provides customs facilities on the import of COVID-19 vaccine related items.

### Scope of goods

PMK-188 provides the customs exemptions for the vaccine itself, raw materials used in the production of the vaccine, and equipment needed for vaccine production and handling.

### Facilities

PMK-188 provides an exemption from import duties and Article 22 import tax and also provides that Value Added Tax (VAT)/Luxury-goods Sales Tax (LST) will not be collected for the importation of the covered items from overseas or from Bonded Logistics Centres (BLC).

PMK-188 also stipulates that the above facilities can be granted for the items which:

- a. Enter from a Bonded Zone (BZ) or Bonded Warehouse (BW);
- b. Enter from a Free Trade Zone (FTZ) or Special Economic Zone (SEZ);
- c. Enter from companies that have been granted an Import Facility for Export Purposes (*Kemudahan Impor Tujuan Ekspor/KITE*).

For the release or delivery of vaccine from BZ, BW, FTZ, SEZ, and KITE Company, the Entrepreneur of the said facility does not have to pay the Import Duty (including antidumping duties, etc.), Excise, Import Taxes, and/or domestic VAT on the raw materials that was previously not collected. In other words, there is no claw back of duties and taxes that might otherwise apply.

### Application process

This incentive applies on the importation carried out by certain parties, namely Central Government, Regional Government, Legal Entity and Non-Legal Entity who received an assignment or appointment from the Ministry of

<sup>1</sup> MoF Regulation No.188/PMK.04/2020 (PMK-188) dated and effective from 26 November 2020

Health. The parties receiving such goods must apply for an exemption approval.

The application along with the required attached documents (such as details of the number and type of goods, recommendation letter, letter of appointment from the Ministry of Health, etc.) must be submitted electronically through the National Single Window system. If there is a problem with the electronic system, the application can be submitted manually.

After conducting a review on the fulfillment of the requirements, the Head of Customs and Excise Office will issue a decision (either an approval or rejection) within three working hours for electronic submission or three working days for manual submission.

### **Release of goods with immediate service (Rush Handling)**

PMK-188 stipulates that release of the imported items from the customs area can be conducted with immediate service (Rush Handling). In order to do this, the parties must submit an application and a guarantee covering the amount of the import taxes. For this type of service, only documents checking will be carried out without any physical examination.

### **Monitoring and evaluation**

The Customs and Excise officers can carry out monitoring and evaluation activities on the implementation of these facilities, including a customs audit.

If taxpayers misuse these facilities, the Custom and Excise Officer may collect the liable Import Duty, Excise, and Import Taxes and impose the following administrative sanctions:

- fines of 100% up to 500% of the liable import duties (including other sanctions based on excise and/or taxation laws); and
- blocking the taxpayer's customs access for one year.

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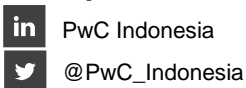
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