



Update on tax facilities  
related to COVID-19 <sup>P1</sup>

## Update on tax facilities related to COVID-19

On 30 December 2020, the Minister of Finance (MoF) issued Regulation No.PMK-239<sup>1</sup> regarding tax facilities in the medical field and the extension of Income Tax facilities under GR-29<sup>2</sup> which serves as an update of the previous regulations.

In principle, the types of tax facilities stipulated in this PMK remain the same, namely:

1. Tax facilities for medical fields, i.e. Value Added Tax (VAT), Article 21, 22, and 23 Income Tax; and
2. Tax facilities under GR-29, i.e. additional tax deduction for COVID-19 supplier production, deductible donations, 0% Article 21 Final Income Tax on additional income received by health workers from the Government, and 0% Final Income Tax on rental income from the Government.

Please refer to [TaxFlash No.40/2020](#) and [TaxFlash No.25/2020](#), respectively for a detailed discussion on the facilities.

The key changes in PMK-239 are related to the extension of the incentive period (which had expired on 31 December 2020) and the additional items related to vaccination program, as follows:

- The tax facilities in point 1 and 2 above are now applicable from 1 January 2021 – 31 December 2021 and 1 January 2021 – 30 June 2021, respectively.
- Eligible goods and services for VAT and Article 22 Income Tax facilities are now expanded to include vaccination supporting equipment (such as cold chain, syringe, generator) and services related to vaccination program.
- To be eligible for VAT facility on the purchase of vaccine material, vaccine producers now need a recommendation from the Ministry of Health (previously from National Disaster Management Authority/*Badan Nasional Penanggulangan Bencana*).

<sup>1</sup> MoF Regulation No.239/PMK.03/2020 (PMK-239) dated 30 December 2020 and effective from 1 January 2021

<sup>2</sup> Government Regulation No.29 Year 2020 (GR-29) dated and effective from 10 June 2020

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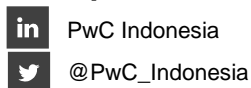
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