

Update on COVID-19
related LST incentive on
cars ^{P1}

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The Minister of Finance (MoF) has issued Regulation No.PMK-120¹ which updates the Luxury-goods Sales Tax (LST) incentive on cars which was previously introduced under PMK-31. This update will be applicable for the period of September to December 2021. Please refer to [TaxFlash No.09/2021](#) for discussion on PMK-31.

Eligibility

The types of motor vehicles that are eligible for the LST incentive remain the same, as follows:

- a. Motor vehicle in the category of sedan or station wagon (diesel or semi-diesel) with a cylinder capacity of up to 1,500 CC;
- b. Motor vehicle for the transportation of less than 10 people other than sedan or station wagon (diesel or semi-diesel) with a cylinder capacity of up to 1,500 CC;
- c. Motor vehicle for the transportation of less than 10 people other than sedan or station wagon (diesel or semi-diesel) with one axle drive system, with a cylinder capacity of more than 1,500 CC up to 2,500 CC; and
- d. Motor vehicle for the transportation of less than 10 people other than sedan or station wagon (diesel or semi-diesel) with two axle drive system, with a cylinder capacity of more than 1,500 CC up to 2,500 CC.

Facility

The facility is given in the form of LST borne by the Government. The percentage of the LST borne by the Government for the period of September to December 2021 are as follows:

¹ MoF Regulation No.120/PMK.010/2021 (PMK-120) dated and effective from 13 September 2021. PMK-120 amends MoF Regulation No.31/PMK.010/2021 (PMK-31) as lastly amended by MoF Regulation No.77/PMK.010/2021.

- a. 100% – for vehicle type point a and b (previously 25%);
- b. 50% – for vehicle type point c (previously 25%); and
- c. 25% – for vehicle type point d (previously 12.5%).

Others

The tax invoices that have already been created for September 2021 period using the percentage of LST borne by the Government under PMK-31 are required to be replaced. The overpaid LST that has been collected must be refunded by the Value-Added Taxable Entrepreneur who collects it.

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