



Value Added Tax incentives for landed houses and residential units ^{P1}

Value Added Tax incentives for the sale of battery-powered electric vehicles - an update ^{P3}

Value Added Tax incentives for landed houses and residential units

To support the relevant business sectors, the Government has introduced incentives on Value Added Tax (VAT) for certain purchases of residential property.

The Minister of Finance (MoF) issued Regulation No.PMK-120¹ regarding VAT borne by the Government on the delivery of landed houses and residential units (*unit hunian rumah susun*) in 2023.

The highlights of PMK-120 are as follows:

A. Eligibility

Landed houses and residential units must meet the following requirements:

- a. the highest selling price is IDR 5 billion; and
- b. the new landed houses and residential units:
 - have obtained a house identity code from the application system provided by the Ministry of Public Works and Housing and this code must also be put in the minutes of the handover (*Berita Acara Serah Terima*) and in the VAT Invoice;
 - are being first-hand delivered by a developer in a ready-to-use condition and have never been handed over previously.

The facility under this regulation can only be used on one eligible property per individual. Landed houses and/or residential units which have already been given other VAT exemption facilities cannot enjoy this incentive. However, an individual who has utilised other VAT incentives on housing facilities prior to this regulation can utilise this incentive.

¹ MoF Regulation No.120 Year 2023 (PMK-120) dated and effective from 21 November 2023

B. Facility

VAT on the eligible property will be borne by the Government for deliveries that occur upon:

- the signing of the Sale and Purchase Deed (*Akta Jual Beli*); or
- the signing of fully paid Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*),

in front of the notary and there is an actual transfer of rights to use or control the eligible property (which is proven by minutes of handover) that is conducted between November 2023 and December 2024 tax periods.

This facility is only available for VAT due in **November to December 2023**. Based on the example given, this is marked by payments made during these months.

The facility is only applicable on the VAT payable on the portion of selling price (tax base) up to IDR 2 billion, where the VAT borne by the Government will be:

- 100% for properties handed over from 1 November 2023 to 30 June 2024; and
- 50% for properties handed over from 1 July to 31 December 2024.

For example, a sale of eligible property of IDR 5 billion that is fully paid in November 2023 and will be handed over in July 2024 will enjoy a 50% VAT borne by Government on the VAT due on the portion of IDR 2 billion, whilst the VAT due on the remaining IDR 3 billion will be subject to the normal VAT rate.

If an advance payment or instalment has been made to a seller prior to 21 November 2023, the VAT borne by the Government incentive is only applicable if the commencement of first advance payment or instalment to the seller was made on 1 September 2023 onwards.

The eligible property enjoying this facility cannot be transferred within one year.

C. Others

The VATable Entrepreneur (*Pengusaha Kena Pajak/PKP*) who delivers the eligible property is required to prepare a VAT Invoice with a format and mechanism as stipulated in this regulation. The reporting of this VAT invoice in the Monthly VAT Return serves as the fulfilment of realisation report, which must be prepared by the PKP. In addition, the seller must also register the minutes of the handover to the relevant government agency by the end of the month, following the handover period.

A deviation from the above rules, including the failure to fulfil the administrative requirements, may render the facility invalid and the Directorate General of Taxes can collect the previously borne-by-the-Government VAT.

Value Added Tax incentives for the sale of battery-powered electric vehicles - an update

On 22 November 2023, the MoF issued Regulation No.PMK-116² to update PMK-38³ regarding the VAT facility on sales of certain battery-powered electric vehicles (*Kendaraan Bermotor Listrik Berbasis Baterai/KBLBB*) in 2023 where a portion of the VAT payable will be borne by the Government.

While the facility and eligible goods remain the same, PMK-116 provides an additional facility where the VAT overpayment of the eligible PKP (as a low-risk PKPs) can be refunded through a preliminary tax refund mechanism whereby the PKP can request a refund without being subject to a normal VAT audit prior to receiving the refund. Under this regulation, the preliminary VAT refund mechanism will apply as follows:

- The PKP does not need to submit an application to the DGT and the DGT does not need to appoint the PKP as a low-risk PKP.
- The refund is requested by ticking the preliminary tax refund box on the relevant Monthly VAT Return.
- This is applicable for Monthly VAT Returns (including their amendments) submitted no later than 31 January 2024, which may also include tax overpayments caused by the compensation of the previous tax period.
- However, this does not apply to PKPs who solely deliver the eligible vehicles for their own-use and/or as free gifts.

² MoF Regulation No.116 Year 2023 (PMK-116) dated and effective from 22 November 2023.

³ MoF Regulation No.38 Year 2023 (PMK-38) dated on 29 March 2023 and effective from 1 April 2023 (see [TaxFlash No.03/2023](#) for more details)

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