

Updates on facilities for foreign country representatives and international organisations and their representatives ^{P1}

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On 2 September 2024, the Minister of Finance (MoF) issued Regulation No.PMK-58¹ and No.PMK-59² to update the facilities provided to foreign country representatives and international organisations and their representatives. Below are the details on the updates.

International organisations and their representatives that are not subject to PBB-P2 and/or BPHTB

PMK-58 implements the provisions of Article 38 paragraph (3) letter f and Article 44 paragraph (6) letter c of Law No.1³ regarding Financial Relationships between the Central Government and the Regional Government (*Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah*). PMK-58 revokes MoF Regulations No.PMK-147⁴, PMK-148⁵, and their contents are streamlined into this PMK.

In principle, Rural and Urban Land and Building (L&B) Tax (*Pajak Bumi dan Bangunan Perdesaan dan Perkotaan/PBB-P2*) objects (owned, controlled, and/or utilised) by international organisations and their representatives are not subject to PBB-P2. In addition, the Duty on the Acquisition of L&B Rights (*Bea Perolehan atas Tanah dan Bangunan/BPHTB*) objects acquired by them are also not subject to BPHTB as long as they do not carry out business or perform other activities outside their functions at the time the BPHTB is due.

The key highlights of PMK-58 are as follows:

- Updated list – PMK-58 updated the list of international organisations that are eligible for these facilities. The details are available in the attachment of this PMK.
- Updated administrative procedures – With regard to the rights and obligations of international organisations and their representatives related to PBB-P2 and BPHTB prior to 2 September 2024, the settlement shall be made based on

¹ MoF Regulation No.58 Year 2024 (PMK-58) dated and effective from 2 September 2024

² MoF Regulation No.59 Year 2024 (PMK-59) dated 2 September 2024 and effective from 1 October 2024

³ Law No.1 Year 2022 (Law-1) dated and effective from 5 January 2022

⁴ MoF Regulation No.147/PMK.07/2010 (PMK-147) dated and effective from 27 August 2010

⁵ MoF Regulation No.148/PMK.07/2010 (PMK-148) dated and effective from 27 August 2010

Regional Tax laws and regulations stipulated prior to the enactment of this PMK.

VAT/LST exemption for foreign country representative and International organisations and their representatives

PMK-59 updates the implementation procedure of GR-47⁶ regarding the Value-Added Tax (VAT)/Luxury-goods Sales Tax (LST) exemption on taxable goods or services acquired by foreign country representative and international organisations. Please refer to [TaxFlash No.34/2020](#) for more details on GR-47. PMK-59 revokes several MoF regulations, i.e. PMK-160⁷, PMK-161⁸, and PMK-162⁹ and generally, their contents (such as procedures, administrative requirements) are streamlined and elaborated into this PMK.

The updates of this regulation are as follows:

- PMK-59 added that motor vehicles other than four-wheeled ones may also be eligible for the exemption based on consideration from the Ministry of Foreign Affairs or Ministry of State Secretary. Previously, only four-wheeled motor vehicles were eligible.
- PMK-59 now stipulates that L&Bs are excluded from taxable goods that are eligible for the exemption facilities.
- Transitional provisions:
 - a) A Tax Exemption Letter (*Surat Keterangan Bebas/SKB*) that has been issued prior to 1 October 2024 can still be used until 31 December 2024.
 - b) An SKB and refund application that were submitted prior to 1 October 2024 is settled based on PMK-161 (concerning refunds) and PMK-162 *jo.* PMK-33 (concerning procedures for issuing SKB).
 - c) If the eligible transaction has been collected for VAT, the exemption mechanism will be carried out through a refund of the VAT Invoice. The VAT invoice for which a refund application has not been submitted prior to 1 October 2024 (presumably for transactions prior to this date), shall be carried out in accordance with PMK-59; however it does not have to include the identity of the party entitled to obtain VAT/LST exemption in the form of name and tax identification number as required under PMK-59.
 - d) The procedure for repayment for taxable goods/services acquired prior to 1 October 2024, but transferred after 1 October 2024, shall follow the provisions in PMK-59.

⁶ Government Regulation No.47 Year 2020 (GR-47) dated 18 August 2020 and effective from 17 October 2020

⁷ MoF Regulation No.160/PMK.03/2014 (PMK-160) dated 14 August 2014 and effective from 12 November 2014

⁸ MoF Regulation No.161/PMK.03/2014 (PMK-161) dated 14 August 2014 and effective from 12 November 2014

⁹ MoF Regulation No.162/PMK.03/2014 (PMK-162) dated 14 August 2014 and effective from 12 November 2014 as lastly amended by MoF Regulation No.33/PMK.03/2018 (PMK-33) dated and effective from 3 April 2018

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