

TaxFlash

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VAT incentive for domestic flight tickets during the upcoming Eid al-Fitr holiday

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On 6 February 2026, the Minister of Finance (MoF) issued PMK-4¹, providing a Value Added Tax (VAT) incentive in the form of 100% VAT borne by the Government on domestic flight services for the upcoming Eid al-Fitr holiday.

This incentive applies exclusively to economy class tickets for scheduled domestic flight services and is available during the following periods:

- Ticket purchase period: 10 February 2026 to 29 March 2026; and
- Travel period: 14 March 2026 to 29 March 2026.

Under normal circumstances, these tickets are subject to VAT at an effective rate of 11%, in accordance with the provisions set forth in PMK-131². The VAT borne by the Government applies only to the base fare and fuel surcharge, and does not apply to other costs borne by the passenger, such as extra baggage and seat selection charges.

The incentive under PMK-4 provides that the entire 11% VAT amount will be borne by the Government.

Airline companies that utilise this facility are required to:

- Issue VAT invoices indicating that 100% of the VAT is borne by the Government; and
- Submit an electronic detailed list of VAT borne by the Government no later than 31 May 2026 (or submit it directly to the registered Tax Office by 30 June 2026 if electronic submission is not possible due to system issues on the Directorate General of Taxes' website).

The above VAT invoices and detailed list must be reported on a cumulative basis in the relevant Monthly VAT Return.

1. MoF Regulation No. 4 Year 2026 (PMK-4) dated and effective on 6 February 2026

2. MoF Regulation No.131 Year 2024 (PMK-131) dated 31 December 2024 and effective from 1 January 2025

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