

TaxFlash

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Page 1

VAT incentive for domestic flight tickets following the increase in Avtur prices

Page 2

Waiver of administrative sanctions for late filing and payment of the 2025 Corporate Income Tax Return

VAT incentive for domestic flight tickets following the increase in Avtur prices

On 24 April 2026, the Minister of Finance (MoF) issued PMK-24¹, providing a Value Added Tax (VAT) incentive in the form of 100% VAT borne by the Government on domestic flight services following the increase in Aviation Turbine Fuel (Avtur) prices.

This incentive applies solely to economy class tickets for scheduled domestic flight services and is available for ticket purchases and travel from 25 April 2026 to 23 June 2026.

Under normal circumstances, these tickets are subject to VAT at an effective rate of 11%, in accordance with the provisions stipulated 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 Jasa Raharja compulsory contribution, passenger service charges, extra baggage charges, and seat selection charges.

The incentive under PMK-24 stipulates that the entire 11% VAT amount will be borne by the Government.

Airline companies that utilise this facility are required to:

- Issue VAT invoices stating 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 July 2026.

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

1. MoF Regulation No. 24 Year 2026 (PMK-24) dated 24 April 2026 and effective from 25 April 2026

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



Waiver of administrative sanctions for late filing and payment of the 2025 Corporate Income Tax Return

On 30 April 2026, the Director General of Taxes (DGT) issued KEP-71³, which stipulates the waiver of administrative sanctions for late filing and late payment of the 2025 Corporate Income Tax Return.

Under KEP-71, a waiver of administrative sanctions is granted to corporate taxpayers who:

- a. Submit the 2025 Corporate Income Tax Return,
- b. Make the payment or remittance of Article 29 Income Tax (underpayment) for the 2025 Tax Year, and
- c. For taxpayers granted an extension, make the final payment or remittance of Article 29 Income Tax (underpayment) for the 2025 Tax Year, within one month after the statutory deadline, i.e. no later than 31 May 2026

The waiver of these sanctions is implemented by the DGT not issuing a Tax Collection Letter (*Surat Tagihan Pajak/STP*). Where an STP has already been issued, the DGT will revoke the administrative sanctions ex officio.

Despite the late submission of the tax return, this will not jeopardise the taxpayer's existing status or result in the rejection of an application for recognition as a compliant taxpayer (golden taxpayer).

Your PwC Indonesia contacts

Abdullah Azis

abdullah.azis@pwc.com

Gerardus Mahendra

gerardus.mahendra@pwc.com

Raemon Utama

raemon.utama@pwc.com

Adi Poernomo

adi.poernomo-c@pwc.com

Hasan Chandra

hasan.chandra@pwc.com

Raka Putra

raka.putra@pwc.com

Adi Pratikto

adi.pratikto@pwc.com

Hendra Lie

hendra.lie@pwc.com

Riyadi

riyadi.riyadi-c@pwc.com

Adrian Hanif

adrian.hanif@pwc.com

Hisni Jesica

hisni.j.jesica@pwc.com

Runi Tusita

runi.tusita@pwc.com

Alexander Lukito

alexander.lukito@pwc.com

Hyang Augustiana

hyang.augustiana@pwc.com

Ryuji Sugawara

ryuji.sugawara@pwc.com

Aman Santosa

aman.santosa-c@pwc.com

Irene Satyanagara

irene.satyanagara@pwc.com

Sukma Alam

sukma.alam-c@pwc.com

Andrias Hendrik

andrias.hendrik@pwc.com

Kianwei Chong

kianwei.chong@pwc.com

Surendro Supriyadi

surendro.supriyadi-c@pwc.com

Angeline

angeline.angeline@pwc.com

Lukman Budiman

lukman.budiman@pwc.com

Susetiyo Putranto

susetiyo.putranto@pwc.com

Angga Wardhani

angga.w.wardhani@pwc.com

Made Natawidnyana

made.natawidnyana@pwc.com

Sutrisno Ali

sutrisno.ali-c@pwc.com

Anton Manik

anton.a.manik@pwc.com

Margie Margaret

margie.margaret@pwc.com

Suyanti Halim

suyanti.halim@pwc.com

Antonius Sanyojaya

antonius.sanyojaya@pwc.com

Marlina Kamal

marlina.kamal@pwc.com

Tjen She Siung

tjen.she.siu ng@pwc.com

Avinash Rao

a.rao@pwc.com

Nicholas Sugito

nicholas.sugito@pwc.com

Turino Suyatman

turino.suyatman@pwc.com

Ay Tjhing Phan

ay.tjhing.phan@pwc.com

Nikolas Handradjid

nikolas.handradjid@pwc.com

William Christopher

william.christopher@pwc.com

Brian Arnold

brian.arnold@pwc.com

Novie Mulyono

novie.mulyono@pwc.com

Yessy Anggraini

yessy.anggraini@pwc.com

Dexter Pagayonan

dexter.pagayonan@pwc.com

Oki Octabiyanto

oki.octabiyanto@pwc.com

Yuliana Kurniadjaja

yuliana.kurniadjaja@pwc.com

Enna Budiman

enna.budiman@pwc.com

Omar Abdulkadir

omar.abdulkadir@pwc.com

Yunita Wahadaniah

yunita.wahadaniah@pwc.com

Esa Perdana

esa.perdana@pwc.com

Otto Sumaryoto

otto.sumaryoto@pwc.com

Gadis Nurhidayah

gadis.nurhidayah@pwc.com

Peter Hohtoulas

peter.hohtoulas@pwc.com

www.pwc.com/id



PwC Indonesia



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