

TaxFlash

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Patriot and Merah Putih Bonds — special bonds with special privileges

On 17 June 2026, the Government issued Law-4¹ on the Development and Strengthening of the Financial Sector, which contains provisions authorising the Indonesian Sovereign Investment Authority (*Badan Pengelola Investasi Daya Anagata Nusantara/BPI Danantara*), as governed under the state-owned enterprise law, to issue debt instruments in accordance with prevailing regulations. These instruments include both general debt securities and special bonds, such as Patriot Bonds and Merah Putih Bonds.

The issuance of special bonds must be supported by clear strategies, governance policies, and risk management processes, in line with the principles of professionalism, accountability, and sound business judgment. Investments in special bonds are recognised as legitimate financial transactions.

Importantly, for transactions involving special bonds in the primary market, the regulation provides strong legal protections to investors, including immunity from criminal prosecution (both general and specific, including tax-related offences) and civil claims related to the purchase of these special bonds. In addition, data and information arising from such transactions cannot be used as a basis for tax assessments or as legal evidence in court.

Investors—including taxpayers who have participated in tax amnesty (*pengampunan pajak*) or voluntary disclosure (*pengungkapan sukarela*) programmes—are permitted to transfer or pledge these bonds. Further implementation details will be governed by a Government Regulation.

VAT incentive for domestic flight tickets during the upcoming school holiday

On 22 June 2026, the Minister of Finance (MoF) issued PMK-43², providing a Value Added Tax (VAT) incentive in the form of 100% VAT fully borne by the Government on domestic flight services for the upcoming school holiday.

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

- Ticket purchase period: 22 June 2026 to 5 July 2026; and
- Travel period: 24 June 2026 to 5 July 2026.

Under normal circumstances, these tickets are subject to VAT at an effective rate of 11%, in accordance with the provisions outlined in PMK-131³. 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 fees and seat selection charges.

The incentive under PMK-43 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 VAT is borne by the Government; and
- Submit an electronic detailed list of VAT borne by the Government no later than 30 September 2026.

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

² MoF Regulation No. 43 Year 2026 (PMK-43) dated and effective on 22 June 2026

³ MoF Regulation No. 131 Year 2024 (PMK-131) dated 31 December 2024 and effective from 1 January 2025

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