

TaxFlash

October 2026 / No. 15

Page 1

VAT incentive for domestic flight tickets during the upcoming Christmas and New Year holidays

VAT incentive for domestic flight tickets during the upcoming Christmas and New Year holidays

On 20 October 2026, the Minister of Finance (MoF) issued PMK-77¹, 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 Christmas and New Year holidays.

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

- Ticket purchase period: 20 October 2026 to 10 January 2027; and
- Travel period: 22 December 2026 to 10 January 2027.

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

The incentive under PMK-77 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 31 March 2027.

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

1. MoF Regulation No. 77 Year 2026 (PMK-77) dated and effective on 20 October 2026

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



Your PwC Indonesia contacts

General Inquiries

Suyanti Halim
Abdullah Azis
Alexander Lukito
Andrias Hendrik
Anton A Manik
Antonius Sanyojaya
Brian Arnold
Gadis Nurhidayah
Hendra Lie
Hisni Jesica
Lukman Budiman
Margie Margaret
Omar Abdulkadir
Otto Sumaryoto
Turino Suyatman
Yuliana Kurniadjaja
Yunita Wahadaniah

Tax/Customs Technology and Governance

Avinash Rao

Legal and Inward Investment

Indra Allen
Adi Pratikto
Danar Sunartoputra
Fifiek Mulyana

Customs

Enna Budiman

Transfer Pricing

Ay Tjhing Phan
Dexter Pagayonan
Hasan Chandra
Peter Hohtoulas
Ryuji Sugawara

TLS Surabaya

Yessy Anggraini

Pillar Two

Nicholas Sugito

www.pwc.com/id



PwC Indonesia



@PwC_Indonesia

If you would like to be removed from this mailing list, please reply and write UNSUBSCRIBE in the subject line, or send an email to id_contactus@pwc.com.

DISCLAIMER: This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.

© 2026 PwC Tax Indonesia. All rights reserved. PwC refers to the Indonesian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.