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TAX INCENTIVES TO ADDRESS COVID-19 RE-EXTENDED



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Our firm consists of consultation services (DDTC Consulting), a center for review and research (DDTC Fiscal Research), taxation journals (DDTC Working Paper), a training center (DDTC Academy), a provider of tax law documents (Perpajakan.id), a library (DDTC Library), and taxation news portal (DDTC News).

ABOUT DDTC Newsletter

Published every two weeks, DDTC Newsletter provides a summary of key tax law changes, both the current modifications and changes in taxation regulations, particularly those pertaining to domestic policies.

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Extended Tax Incentives for Taxpayers Affected by Covid-19

Meet Our Experts



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The government has extended the period of tax incentives for taxpayers affected by the Covid-19 pandemic until December 2021.

The extension of the tax incentive period is outlined in the Minister of Finance Regulation No. 82/PMK.03/2021 concerning Amendments to the Regulation of the Minister of Finance Regulation No. 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic ([MoF Reg. 82/2021](#)).

Through MoF Reg. 82/2021, the government extends the granting of Article 21 borne by the government (Ditanggung Pemerintah/DTP) incentives, MSME final income tax, final income tax on construction

services for taxpayers constituting recipients of the Acceleration Program for Irrigation Water Use (Program Percepatan Peningkatan Tata Guna Air Irigasi/P3-TGAI), Article 25 income tax installment reduction incentives, and accelerated VAT refunds.

The above incentives are extended until the December 2021 tax period. Import Article 22 Income Tax exemption incentives, on the other hand, are extended until 31 December 2021.

The extension of the incentive period is only valid for the following employers and/or taxpayers:

- (i) Article 21 Income Tax DTP incentives apply to taxpayers with a business classification (*Klasifikasi Lapangan Usaha/KLU*) listed in the appendix. Based on the appendix of MoF Reg. 82/2021, 1,189 KLU are currently entitled to Article 21 Income Tax DTP incentives. The number of KLU remain the same as the former provisions;
- (ii) import Article 22 Income Tax exemption incentives apply to taxpayers covered in 132 KLU as outlined in the appendix. The number of KLU decreases compared to the previous provisions of 730 KLU;
- (iii) Article 25 income tax installment reduction incentives are now granted to taxpayers in 216 KLU as listed in the appendix. The number of KLU is below the previous 1,018 KLU;
- (iv) accelerated VAT refund incentives apply to taxpayers covered in 132 KLU as listed in the appendix. The number of KLU is lower than the previous provisions of 725 KLU;
- (v) MSME final income tax incentives are intended for taxpayers with a certain gross turnover as per the provisions referred to under Government Regulation no. 23 of 2018; and/or
- (vi) final income tax incentives on construction services are intended for taxpayers who receive P3-TGAI. The P3-TGAI constitutes a program to repair, rehabilitate, or improve irrigation networks based on the participation of the farming community carried out by the Water User Farmer Association (*Perkumpulan Petani Pemakai Air/P3A*), Federation of Water User Farmer Associations (*Gabungan Perkumpulan Petani Pemakai Air/GP3A*), or Water User Farmer Central Association (*Induk Perkumpulan Petani Pemakai Air/IP3A*).

Through MoF Reg. 82/2021, the government states that employers and/or taxpayers that have submitted a notification on the use of tax incentives based on MoF Reg. 9/2021 on incentives of Article 21 Income Tax DTP and/or a reduction in the amount of Article

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25 Income Tax installments must resubmit the notification to take advantage of the tax incentives. The notification is prepared according to the sample form in the appendix of MoF Reg. 82/2021 and sent through the www.pajak.go.id webpage.

Taxpayers who have applied for Certificate of Import Article 22 Income Tax Exemption based on MoF Reg. 9/2021 must resubmit the application to take advantage of the Import Article 22 Income Tax exemption incentives. The application is submitted using the form outlined in the appendix of MoF Reg. 82/2021 and sent through www.pajak.go.id webpage.

Taking effect as of 1 July 2021, this regulation stipulates that employers and/or taxpayers may take advantage of the Article 21 Income Tax DTP incentives and/or Article 25 Income Tax installments reduction incentives from the July 2021 tax period by submitting a notification until 15 August 2021.

On another note, employers, taxpayers, and/or tax withholders may submit a correction of the realization report of Article 21 Income Tax DTP, final MSME Income Tax DTP, and/or final Income Tax on construction services, for the January 2021 tax period to the June 2021 tax period no later than 31 October 2021.

Extended Income Tax Facilities to Address Covid-19

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The Ministry of Finance has re-extended the application period for income tax facilities in the context of handling Covid-19 as regulated under Government Regulation No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Covid-19 ([Gov. Reg. 29/2020](http://www.pajak.go.id)).

The incentive has been extended twice. *First*, it was extended until 31 December 2020 through the Minister of Finance Regulation No. 143/PMK.03/2020. *Second*, it was extended until the end of June 2021 through the Minister of Finance Regulation No. 239/PMK.03/2020. The incentive is now re-extended until 31 December 2021.

The extension is outlined in the Minister of Finance Regulation No. 83/PMK.03/2021 concerning Amendments to the Minister of Finance Regulation No. 239/PMK.03/2020 concerning the Granting of Tax Facilities on Goods and Services Required in the Context of Handling the Covid-19 Pandemic and Extension of the Application of Income Tax Facilities Based on Government Regulation No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Covid-209 ([MoF Reg. 83/2021](http://www.pajak.go.id)).

The tax facilities are extended to encourage public participation in handling Covid-19 in the form of producing medical devices and/or household health supplies, giving donations, providing human resources and health facilities to address Covid-19. Promulgated on 1 July 2021, this regulation has come into effect thereafter.

The validity period of four income tax facilities has been extended. *First*, additional net income deduction for resident taxpayers that produce medical devices and/or household health supplies.

As per the provisions under Gov. Reg. 29/2020, resident taxpayers that produce medical devices, antiseptic hand sanitizers, and disinfectants are entitled to an additional 30% reduction in net income of costs. The medical devices include surgical masks and N95 respirators, personal protective clothing, surgical gloves, examination gloves, ventilators, and diagnostic test reagents for Covid-19.

Second, donations that are deductible from gross income. Taxpayers giving donations or contributions in the context of addressing the Covid-19 outbreak

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may take into account the donations or contributions as a deduction from gross income.

Contributions that can be taken into account include donations in the form of money, goods, services, or the use of assets without compensation, which are given to the National Disaster Management Agency (*Badan Nasional Penanggulangan Bencana/BNPB*), Regional Disaster Management Agency (*Badan Penanggulangan Bencana Daerah/BPBD*), Ministry of Health, Ministry of Social Affairs, or other institutions with a permit to collect donations.

Third, the imposition of a 0% income tax rate that is final on additional income received by human resources in the health sector. As per the provisions under Gov. Reg. 29/2020, health workers and health support personnel whose task is to provide health services to handle Covid-19 and receive honoraria or other benefits from the government are entitled to the additional income in full as they are subject to 0% income tax.

These health workers include doctors and nurses. Health support personnel, on the other hand, include assistant health workers, cleaning staff, ambulance drivers, administrative staff, undertakers, and students in the health sector who are seconded in health care facilities.

Fourth, the imposition of a 0% income tax rate that is final on income in the form of compensation or replacement for the use of assets. Taxpayers who lease land, buildings, or other assets to the government in the context of handling Covid-19 receive rental income from the government. They are entitled to the income in full as they are subject to 0% income tax.

Tax Facilities on Imported Goods to Address the Covid-19 Pandemic

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The government adds the list of imported goods to address the Covid-19 pandemic that are eligible for tax facilities.

The addition to the list of goods is outlined in the Minister of Finance Regulation No. 92/PMK.04/2021 concerning the Third Amendment to the Minister of Finance Regulation No. 34/PMK.04/2020 concerning the Granting of Customs and/or Excise Facilities and Taxation on Imported Goods to Handle the Covid-19 Pandemic ([MoF Reg. 92/2021](#)).

The government adds the list of imported goods entitled to tax facilities to anticipate the need for several types of goods to be used to address the Covid-19 pandemic. The list of goods has been added to provide legal certainty and accelerate the service of providing customs and/or excise facilities as well as taxation on imported goods to handle the Covid-19 pandemic.

Compared to the list of imported goods entitled to tax facilities in the former provisions, MoF Reg. 92/2021 adds at least six types of goods, including:

- (i) drugs containing Regdanvimab;
- (ii) oxygen packaged in steel cylinders, isotanks, or other containers;
- (iii) empty or oxygen-filled seamless steel cylinders for oxygen;
- (iv) isotanks (tank containers filled with oxygen);
- (v) pressure regulators, humidifiers, flow meters, oxygen nasal cannula, and other parts or devices; and
- (vi) oxygen concentrators, oxygen generators, 17 ventilators, and other respiratory therapy devices.

Details of imported goods eligible for tax facilities are listed in the Appendix of MoF Reg. 92/2021. All

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imported goods on the list are entitled to three types of facilities, i.e. import duties and/or excise exemptions, non-collection of Value Added Tax (VAT) (*Pajak Pertambahan Nilai/PPN*) and Sales Tax on Luxury Goods (STLGs) (*Pajak Penjualan atas Barang Mewah/PPnBM*), and Article 22 Income Tax exemptions.

Import Duties Borne by the Government for Certain Industries

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The government provides import duties borne by the government (*Bea Masuk Ditanggung Pemerintah/BM DTP*) facility for certain industries affected by the Covid-19 pandemic.

The BM DTP facility is granted to accelerate economic recovery through increased productivity of certain industrial sectors, ensuring the availability of domestic industrial raw materials, and labor absorption. The BM DTP facility is also expected to promote economic growth, state revenues, and economic stability.

The provisions on the BM DTP facility are outlined in the Minister of Finance Regulation No. 68/PMK.010/21 concerning Import Duties Borne by the Government on Imports of Goods and Materials to Produce Goods and/or Services by Industries in Certain Sectors Affected by the Covid-19 Pandemic in 2021 ([MoF Reg. 68/2021](#)).

BM DTP refers to a facility of import duty payable paid by the government with the allocation of funds stipulated under the State Budget (*Anggaran Penerimaan dan Belanja Negara/APBN*) and/or Revised State Budget (*Perubahan Anggaran Pendapatan Belanja Negara/APBNP*). The subsidy budget for BM DTP is managed by the Import Duties Borne by the Government Subsidy Budget User Proxy (*Kuasa Pengguna Anggaran Belanja Subsidi Bea Masuk Ditanggung Pemerintah/KPA BM DTP*) stipulated by the Minister of Finance.

BM DTP may be granted for imports of goods and materials by industrial companies in certain sectors. In further detail, the types of goods and materials imported by companies in certain industrial sectors entitled to BM DTP must meet the following conditions:

- (i) the goods and materials have not been produced domestically;
- (ii) the goods and materials have been produced domestically but have not met the required specifications; or
- (iii) the goods and materials have been produced domestically but the quantity is insufficient for industrial needs as per the recommendations of the relevant ministries/agencies.

Details of the types of imported goods and materials entitled to BM DTP are listed in Appendix B of MoF Reg. 68/2021. Moreover, the goods and materials eligible for the BM DTP facility must also not be included in the following four groups:

- (i) goods and materials subject to 0% import duty;
- (ii) goods and materials subject to 0% import duty as per international treaties or agreements, unless otherwise stipulated by the Minister of Industry;
- (iii) goods and materials subject to anti-dumping import duties/temporary anti-dumping import duties, safeguard import duties/temporary safeguard import duties, countervailing import duties, or discriminatory import duties; or

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(iv) goods and materials intended to be stockpiled in a bonded storage area.

BM DTP may also be granted for the release of goods and materials from outside the customs area to other places within the customs area from a bonded logistics center (*Pusat Logistik Berikat/PLB*)/bonded warehouses/bonded zones, and subsequently released to industrial companies in certain sectors. The procedures for the imports of goods and materials entitled to BM DTP under MoF Reg. 68/2021 are carried out as per statutory provisions in the customs sector.

Changes to Provisions on the Collection of STLGs on Electric Cars

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The government amends the sales tax on luxury goods (STLGs) (*Pajak Penjualan atas Barang Mewah/STLGs*) rates that apply to electric cars. Changes are made through Government Regulation No. 74 of 2021 concerning Amendments to Government Regulation No. 73 of 2019 concerning Taxable Goods Classified as Luxury in the Form of Motor Vehicles Subject to Sales Tax on Luxury Goods ([Gov. Reg. 74/2021](#)).

Gov. Reg. 74/2021 revises the former Gov. Reg. concerning the imposition of STLGs on motor vehicles, i.e. Gov. Reg. 73/2019. The revisions are intended to support government policies in accelerating the reduction of exhaust emissions from motor vehicles. The provisions on STLGs for plug-in hybrid electric vehicles and hybrid electric vehicles under Gov. Reg. 73/2019 are to be adjusted.

Through Gov. Reg. 74/2021, the government revises Article 26 and Article 27 of Gov. Reg. 73/2019, both of which regulate STLGs rates for motor vehicles with full hybrid technology. Under Article 26, the government decides to increase the tax base (*Dasar Pengenaan Pajak/DPP*) for STLGs on motor vehicles using full hybrid technology from 13.33% to 40% of the selling price. STLGs rate of 15% on DPP STLGs of 40% is imposed on full hybrid motor vehicles with a capacity of up to 3,000 cc with fuel consumption of more than 23 kilometers per liter or CO₂ emission levels of less than 100 grams per kilometer.

In Article 27, the government increases DPP STLGs for full hybrid motor vehicles from initially 33.33% of the selling price to 46.66% of the selling price. The STLGs rate remains the same, at 15%. The STLGs rates and DPP under Article 27 apply to full hybrid motor vehicles with a cylinder capacity of up to 3,000 cc with fuel consumption of more than 18.4 kilometers per liter to 23 kilometers per liter or having CO₂ emission levels ranging from 100 grams per kilometer to 125 grams per kilometer.

In addition to revising Article 26 and Article 27, the government revises Article 36 which stipulates STLG rates for plug-in hybrid electric vehicles, battery electric vehicles, and fuel cell electric vehicles, and adds a new article, i.e Article 36A. Under Article 36, only motor vehicles with battery electric vehicle and fuel cell electric vehicle technologies are subject to 15% STLGs with a DPP of 0% of the selling price. The former provisions contained motor vehicles with plug-in hybrid electric vehicle technology.

Specifically for motor vehicles with plug-in hybrid electric vehicle technology, under the latest regulation, the STLGs are imposed at a rate of 15% with DPP of 33.33%. Specific provisions for plug-in hybrid electric vehicles are outlined in Article 36A. This government regulation comes into force on 16 October 2021.

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Extension of 100% STLGs DTP Incentive for Cars with a Capacity of 1,500 cc

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The government has extended the period of Sales Tax on Luxury Goods (STLGs) (*Pajak Penjualan atas Barang Mewah/PPnBM*) borne by the government (DTP) by 100% for cars with a cylinder capacity of up to 1,500 cc.

The extended period of 100% STLGs DTP is outlined in the Minister of Finance Regulation No. 77/PMK.010/21 concerning Amendments to the Minister of Finance Regulation No. 31/PMK.010/21 concerning Sales Tax on Luxury Goods for Supplies of Taxable Goods Classified as Luxurious in the Form of Certain Motor Vehicles Borne by the Government for Fiscal Year 2021 ([MoF Reg. 77/2021](#)).

The period of STLGs DTP has been extended to maintain public purchasing power in the motor vehicle industry sector. On another note, this policy is aimed at encouraging and accelerating the recovery of the national economy.

Under the former provisions, the 100% STLGs DTP incentive was only given for STLGs payable between the April 2021 tax period and May 2021 tax period. For STLGs payable between the June 2021 tax period

and August 2021 tax period, on the other hand, only STLGs DTP of 50% was granted. Through MoF Reg. 77/2021, however, the 100% DTP STLGs incentive also applies to STLGs payable between the June 2021 tax period and August 2021 tax period.

Similar to the former provisions, the 100% STLGs DTP incentive is given for two types of motor vehicles. *First*, sedans or station wagons with spark ignition or compression ignition (diesel or semi-diesel) with a cylinder capacity of up to 1,500.

Second, motor vehicles for transporting fewer than 10 people, including drivers other than sedans or station wagons, with spark ignition or compression ignition (diesel or semi-diesel) with a single axle (4x2) system with a cylinder capacity of up to 1,500 cc.

MoF Reg. 77/2021 also emphasizes that the 100% STLGs DTP incentive for both types of vehicles is granted as of 1 June 2021.

If a tax invoice at the STLGs DTP rate based on MoF Reg. 31/2021 has been prepared for a supply of a motor vehicle, the tax invoice must be replaced. Further, STLGs and/or VAT overpayment that has been collected on the supply must be refunded by the taxable person for VAT Purposes performing the collection.

MoF Reg. 77/2021 does not render changes to the details of STLGs DTP incentives granted for other types of motor vehicles. As such, the details of the amount of STLGs DTP for vehicles other than those with a capacity of 1,500 cc remain the same as those stipulated under MoF Reg. 31/2021.

Expansion of the Scope of Goods Eligible for the Rush Handling Facility

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The Ministry of Finance expands the scope of types of imported goods eligible for rush handling by the Directorate General of Customs and Excise (DGCE). The scope of these goods has been expanded to improve customs services and supervision of the release of imported goods for use with the rush handling facility.

The expansion of the scope of the types of goods entitled to the rush handling facility is outlined in the Minister of Finance Regulation No. 74/PMK.04/2021 concerning the Release of Imported Goods for Use with Rush Handling ([MoF Reg. 74/2021](#)).

Rush handling refers to customs services provided for certain imported goods which due to their characteristics need to be immediately released from the customs area. This facility allows imported goods to be released from the customs zone or other places which are treated equivalently as temporary storage areas (*Tempat Penimbunan Sementara/TPS*) before a declaration of import (*Pemberitahuan Impor Barang/PIB*) or special PIB (*Pemberitahuan Impor Barang Khusus/PIBK*) is submitted.

Imported goods eligible to the rush handling facility must have certain characteristics, such as sensitivity to conditions and/or time. In further detail, ten types of goods are currently granted with the rush handling facility. These goods include:

- (i) corpses and ashes;
- (ii) human organs, including kidneys, corneas, or blood;
- (iii) items that are hazardous to the environment, including materials containing radiation;
- (iv) live animals;
- (v) live plants;
- (vi) time-sensitive newspapers and magazines;
- (vii) documents (letters);

- (viii) foreign banknotes;
- (ix) vaccines or medicine for humans that are time-sensitive and/or require special handling; or
- (x) goods other than points a to i, after obtaining permission from the Head of the Customs Office or the appointed Customs and Excise Official.

In comparison to the details of the types of goods under MoF Reg. 74/2021, two new types of goods are provided with the rush handling facility. The three items include foreign banknotes and vaccines or medicine for humans which are time-sensitive and/or require special handling.

Despite receiving the facility, provisions on prohibitions or restrictions on imports continue to apply to imported goods eligible for the rush handling facility. In the event that the imported goods entitled to the rush handling facility constitute goods subject to import restrictions, the importer is required to comply with the import licensing provisions from the relevant technical agencies when submitting complementary customs documents.

To obtain the rush handling facility, importers must apply to the Head of Customs Office or the appointed Customs and Excise Official at the entry point of goods and attach complementary customs documents.

DGT's Standard Operating Procedures for Excellent Services

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The Director General of Taxes has issued a circular stipulating the standard operating procedures (SOP) for excellent services in the taxation sector. The circular is outlined in the Director General of Taxes Circular No. SE-36/PJ/2021 concerning Standard Operating Procedures for Excellent Services in the Taxation Sector ([SE-36/2021](#)).

This circular has been released in connection with the updating of the SOP for excellent services within the Ministry of Finance under the Minister of Finance Decree No. 601/KM.1/2020 concerning Standard Operating Procedures for the Ministry of Finance's Excellent Services.

As a follow-up to the issuance of the ministerial decree, guidelines for the implementation of the settlement of applications stipulated as excellent services in the taxation sector have been formulated under SE-36/2021.

Based on SE-36/2021, two services are classified as excellent services in the field of taxation. *First*, the service of applications for tax clearance certificates (*Surat Keterangan Fiskal/SKF*) by taxpayers. The DGT must complete the SKF application service immediately (automatically) if the application is submitted online.

On the other hand, if the application is submitted offline through the Integrated Service Center (*Tempat Layanan Terpadu/TPT*) counter at Tax Offices (*Kantor Pelayanan Pajak/KPP*) and Tax Services, Dissemination, and Consultation Offices (*Kantor Pelayanan, Penyuluhan, dan Konsultasi Perpajakan/KP2KP*), the DGT must complete the application in a maximum of 3 working days after the application is received in full.

These provisions differ from the SOP under the previous provisions. Based on the Director General of Taxes Circular No. SE-54/PJ/2015 ([SE-54/2015](#)), the SKF application service was to be completed no later than 15 working days since the application letter was received in full.

Second, the overbooking application service. Based on SE-36/2021, the DGT must complete the provision of overbooking application services within a maximum of 21 days after the documents are received in full.

Formerly, based on SE-54/2015, the DGT had to complete the overbooking application service due to tax overpayment or errors or unclarity in the Tax Payment Slip (*Surat Setoran Pajak/SSP*) no later than 30 days after the documents were received in full.

Details of the procedures for the completion of applications for the DGT's two excellent services are described under the Appendix of SE-36/PJ/2021. In the event of a change in the provisions, however, the service procedure must be carried out as per the applicable provisions. SE-36/2021 has been effective as of 14 June 2021. With the enactment of SE-36/2021, the Director General of Taxes Circular No. SE-54/2015 has been revoked and declared invalid.

Confirmation of the Calculation of VAT on Certain LPG

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The Director General of Taxes has released a circular stipulating guidelines for the calculation and collection of VAT on supplies of certain liquefied petroleum gas (LPG).

The guidelines are outlined in Circular No. SE-37/PJ/2021 concerning Implementation Guidelines of the Minister of Finance Regulation No. [220/PMK.03/2020](#) concerning Procedures for the Calculation and Collection of Value Added Tax on Supplies of Certain Liquefied Petroleum Gas ([SE-37/2021](#)). This circular was issued on 17 June 2021.

Certain LPG refers to LPG, a fuel with specific features due to certain conditions such as its user/use, packaging, volume, and/or price and for which subsidies must be given.

Through SE-37/2021, the Director General of Taxes reaffirms that the tax base (*Dasar Pengenaan Pajak/DPP*) of the fraction of the price of certain LPG that is not subsidized constitutes another value. DPP of another value for the fraction of the price of certain LPG that is not subsidized is calculated using the following formula:

- (i) on supplies at the business entity's point of supply, amounting to 100/110 of the retail selling price;
- (ii) on supplies at the agent's point of supply, amounting to 10/101 of the difference between the agent's selling price and the retail selling price; and
- (iii) on supplies at the base point of supply, amounting to 10/101 of the difference between the selling price of the base and the selling price of the agent.

The input VAT in connection with supplies of certain LPG by a business entity may be credited insofar as it complies with the crediting provisions. Input VAT related to supplies of certain LPG by agents or bases, however, cannot be credited since the enactment of MoF Reg. 220/2020.

SE-37/PJ/2021 also attaches an example of the completion of invoices for supplies of certain LPG of which a fraction of the price is not subsidized. There is also an attachment outlining the calculation of VAT payable before the enactment of MoF Reg. 220/2020.

Formerly, based on MoF Reg. 220/2020, supplies of certain LPG by taxable persons for VAT purposes were subject to VAT. VAT on supplies of certain LPG, of which

a fraction of the price is subsidized, was to be paid by the government. On the other hand, the buyer bore the VAT on a certain fraction of the LPG price that is not subsidized.

Relaxation of Periodic Excise Payment Deadline for Factory Entrepreneurs

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The Ministry of Finance relaxes the deadline for periodic excise payments for factory entrepreneurs. The relaxation of the payment deadline is outlined in the Minister of Finance Regulation No. 64/PMK.04/2021 concerning Amendments to the Minister of Finance Regulation No. 58/PMK.04/2017 concerning Periodic Excise Payments for Factory Entrepreneurs Settling the Excise by Payment Method ([MoF Reg. 64/2021](#)).

This regulation revises the periodic excise payment deadline formerly stipulated under the Minister of Finance Regulation No. 58/PMK.04/2017 concerning Periodic Excise Payments for Factory Entrepreneurs Settling the Excise by Payment Method ([MoF Reg. 58/2017](#)).

The periodic excise payment deadline has been relaxed to support programs of national economic recovery

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acceleration and maintain cash flow and productivity of factory entrepreneurs of goods subjects to excise amidst the Covid-19 pandemic.

Based on the provisions of MoF Reg. 64/2021, factory entrepreneurs who settle excise by means of periodic payments are obliged to pay excise payable on goods subjects to excise (*Barang Kena Cukai/BKC*) no later than:

- (i) for excise payable on BKC issued on the 1st to the 15th, no later than on the 14th of the following month.
- (ii) for BKC issued on the 16th to the end of the month, no later than on the 28th of the following month.

If the 14th or 28th falls on a holiday or is not a working day of tax payment banks, tax payment foreign exchange banks, or tax payment post offices, the payment is made no later than the working day before the end of the payment period.

A factory entrepreneur who does not pay the excise payable until the period expires remains obliged to pay the excise payable. On another note, the factory entrepreneur is subject to a 10% fine of the excise payable.

The excise payment deadline under MoF Reg. 64/2021 is longer than the former provisions. Based on MoF Reg. 58/2017, factory entrepreneurs were required to pay excise payable on BKC issued for 1 month no later than the 5th of the following month.

MoF Reg. 64/2021 also mandates that Customs and Excise officials perform collections if a factory entrepreneur does not pay beyond the payment deadline. Promulgated on 17 June 2021, MoF Reg. 64/2021 takes effect 30 days thereafter.

Affixture of the Acquittance Stamp of Stamp Duty Underpayment on Cheques and/or Giro Fund Transfer Forms

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Banks providing cheques and/or giro fund transfer forms under certain conditions are now able to self-affix acquittance stamp of stamp duty underpayment on tax payment slips (*Surat Setoran Pajak/SSP*).

The provisions on self-affixture of acquittance stamp of stamp duty underpayment are outlined in the Director General of Taxes Regulation No. PER-11/PJ/2021 concerning Amendments to the Director General of Taxes Regulation No. PER-01/PJ/2021 concerning Procedures for the Settlement of Underpayment of Stamp Duty Payable on Documents in the Form of Cheques and Giro Fund Transfer Forms ([PER-11/2021](#)).

These amendments are intended to facilitate the settlement process of underpayment of stamp duty payable on documents in the form of cheques and giro fund transfer forms. Under the former provisions, the acquittance stamp of stamp duty underpayment could only be affixed by the Head of the Tax Office (*Kantor Pelayanan Pajak/KPP*) through the Head of the Section of Tax Service.

In further detail, banks providing cheques and/or giro fund transfer forms may affix acquittance stamp of stamp duty underpayment on their own if two conditions are met. *First*, the stamp duty underpayment is settled by the provider bank. *Second*, the provider bank has obtained a permit to affix the acquittance stamp of stamp duty underpayment.

To obtain a permit to affix the acquittance stamp of stamp duty underpayment, the provider bank must apply to the Tax Office where the provider bank is administered. The application is prepared using the sample format listed in Appendix A of PER-11/2021.

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Further, the application must be attached with the following three documents:

- (i) a list of cheques and/or giro fund transfer forms on which the acquittance stamp of stamp duty underpayment shall be self-affixed;
- (ii) data of the official of the provider bank's official appointed to self-affix the acquittance stamp of stamp duty underpayment; and
- (iii) Tax Payment Slip (*Surat Setoran Pajak/SSP*) which has obtained a State Revenue Transaction Number (*Nomor Transaksi Penerimaan Negara/NTPN*).

Next, the Head of KPP through the Head of the Section of Tax Service must ensure four things. *First*, the accuracy of the SSP that has received NTPN. *Second*, the conformity of the payment value in the SSP that has received the NTPN with the stamp duty underpayment that must be settled. *Third*, the conformity of the information on the SSP with the cheques and/or giro fund transfer forms for which the acquittance stamp of stamp duty underpayment is requested. *Fourth*, the conformity of the tax account code and deposit type code.

Insofar as all of these conditions are met, the Head of the KPP through the Head of the Section of Tax Service shall issue a permit to affix the acquittance stamp of stamp duty underpayment in a maximum of three working days since the application letter is received in full.

In the event that a provider bank has obtained a permit, the provider bank official shall affix the acquittance stamp of stamp duty underpayment on the face of the cheques and/or giro fund transfer forms. The acquittance stamp of stamp duty underpayment shall be prepared as per the sample format in Appendix C of PER-11/2021. In addition, the provider bank official also needs to affix his signature, full name, and stamp of the provider bank on the back of the cheques and/or giro fund transfer forms.

On another note, cheques or giro fund transfer forms constitute documents subject to stamp duty at a rate of IDR10,000. Stamp duty on cheques or giro fund transfer forms is payable to the party issuing the cheques and/or giro fund transfer forms.

Banks providing or carrying cheques/giro fund transfer forms, however, may also pay the stamp duty payable on cheques or giro fund transfer forms. In the event of an underpayment of the stamp duty settlement, the difference can be repaid using a digital stamp printing machine or SSP.

Postponement of Trial Proceedings and Temporary Suspension of Face-to-Face Services

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The Tax Court has again postponed trial proceedings and temporarily suspended face-to-face services. This policy is outlined in Circular No. 10/PP/2021 concerning Postponement of Trial Proceedings and Temporary Suspension of Face-to-Face Administrative Services (Through the Helpdesk/Delivered Directly) at the Tax Court from 5 July 2021 to 20 July 2021 ([SE-10/2021](#)).

The postponement of trial proceedings and the temporary suspension of face-to-face services pertains to the government's policy on the implementation of the Covid-19 Emergency Public Activity Restriction (*Pemberlakuan Pembatasan Kegiatan Masyarakat/PPKM*) in Java and Bali regions. This circular has been issued to provide information and legal certainty concerning the Tax Court's policies on the conduct

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of trial proceedings and face-to-face administrative services in an effort to protect judges, registrar, employees, and all users of tax court services.

This regulation stipulates that trial proceedings at the Tax Court, including electronic trials, originally scheduled from 5 July 2021 to 20 July 2021, are postponed. The adjourned trials will be rescheduled subject to further notice.

The panel of judges or single judges shall order the alternate registrar to notify the parties of the adjournment of the trial through electronic media or other media. Next, the notification shall be recorded in the minutes of hearing. Trial proceedings at the Tax Court including electronic trials will be held starting 21 July 2021 subject to further notice.

On another note, all face-to-face administrative services, including the filing of appeals/lawsuits, submission of requests for case reviews, information services, and submission of court documents and other letters are temporarily suspended from 5 July 2021 to 20 July 2021. During the temporary suspension of face-to-face administrative services, appeals/lawsuits and court documents and other letters may be submitted by post.

From 5 July 2021 to 20 July 2021, the Tax Court will conduct close contact tracing, data collection, disinfection/sterilization in all office environments, and swab tests on Tax Court judges, officials, employees, and support staff. To obtain Tax Court information services, service users may use email (informasipp@kemenkeu.go.id), contact service on the Tax Court Secretariat's webpage (www.setpp.kemenkeu.go.id), and Whatsapp at number 081211007510.

In connection with the postponement of trial proceedings and the temporary suspension of face-to-face services at the Tax Court from 5 July 2021 to 20 July 2021, the Tax Court stipulates guidelines for adjustments of trial proceedings and other administrative services. The guidelines for adjustments of trial proceedings and administrative at the Tax Court constitute a follow-up to SE-10/PP/2021.

These provisions are outlined in Circular No. SE-11/PP/2021 concerning Guidelines for Adjustments of Trial Proceedings and Other Administrative Services as a Follow-up to the Chairperson of the Tax Court Circular No. SE-10/PP/2021 ([SE-11/2021](#)).

This circular contains an elucidation of the period of preparation and implementation of trial proceedings as well as other administrative services in connection with the postponement of trial proceedings and the

temporary suspension of face-to-face services. The period of preparation and implementation of trial proceedings does not take into account the period from 5 July 2021 to 20 July 2021 within the period referred to in Law no. 14 of 2002 concerning the Tax Court (Law 14/2002).

Moreover, the period of other administrative services does not take into account the period from 5 July 2021 to 20 July 2021 in calculating the period stipulated under Law 14/2002 either. Other administrative services include the delivery of tax court decisions, submission of requests for case reviews from relevant parties, the delivery of case reviews to the Supreme Court, the delivery of copies of case review decisions, license of attorney-at-law, and other court documents.

If so required, provisions on the implementation of SE-10/2021 and SE-11/2021 shall be further stipulated by the Chairperson of the Tax Court. Promulgated on 2 July 2021, this regulation has come into effect thereafter.

Procedures for the Imposition of Import Duties Tariffs on Imported Goods Based on the Preferential Trade Agreement between Indonesia and Pakistan

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The Ministry of Finance has issued a regulation pertaining to the procedures for the imposition of import duty tariffs on imported goods based on a preferential trade agreement between Indonesia and Pakistan. The provisions are stipulated under the Minister of Finance Regulation concerning Procedures for the Imposition of Import Duty Tariffs on Imported Goods Based on the Preferential Trade Agreement Between the Government of the Republic of Indonesia and the Government of the Islamic Republic of Pakistan ([MoF Reg. 70/2021](#)). Promulgated on 24 June 2021, this ministerial regulation came into force 30 days thereafter.

As per Article 2 paragraphs (1) and (2) of MoF Reg. 70/2021, imported goods may be subject to preferential tariffs, the amount of which may differ from the most favored nation (MFN) tariffs between the Government of the Republic of Indonesia and the Government of the Islamic Republic of Pakistan. Preferential Tariffs refer to import duty tariffs based on the Preferential Trade Agreement between the Government of the Republic of Indonesia and the Government of the Islamic Republic of Pakistan, the amount of which is stipulated in a Ministerial Regulation concerning the stipulation of import duty tariffs in the framework of the Preferential Trade Agreement between the Government of the Republic of Indonesia and the Government of the Islamic Republic of Pakistan.

To be able to use the preferential tariffs, importers are required to submit the original Certificate of Origin (SKA Form IP), include the facility code of the preferential trade agreement between Indonesia and Pakistan, and include the reference number and date of the SKA Form IP. The preferential rates are imposed on the following five things.

(i) import of goods for use using an import customs notification in the form of an Import Declaration (*Pemberitahuan Impor Barang/PIB*);

- (ii) import of goods for use using import customs notification in the form of import declaration from the Bonded Storage Area (*Tempat Penimbunan Berikat/TPB*), which upon the entry of goods to TPB, approval to use preferential tariffs has been obtained;
- (iii) import of goods for use using import customs notification in the form of import declaration from the Bonded Logistics Center (*Pusat Logistik Berikat/PLB*), which upon the entry of goods to PLB, approval to use preferential tariffs has been obtained;
- (iv) release of goods produced from the free trade zone to other places within the customs area (*Tempat Lain Dalam Daerah Pabean/TLDDP*) insofar as the raw materials and/or auxiliary materials originate from outside the customs area, approval to use preferential tariffs has been obtained upon entry of goods into the free trade zone, and is carried out by entrepreneurs in the free trade zone that have met the requirements as entrepreneurs allowed to use preferential tariffs;
- (v) release of goods from Special Economic Zones (SEZ) (*Kawasan Ekonomi Khusus/KEK*) to TLDDP, which upon the entry of goods to SEZ, approval to use preferential tariffs has been obtained.

Entrepreneurs in free trade zones referred to in point (iv) above, on the other hand, must meet the following requirements.

- (i) having a business license from the Free Trade Zone Management Board (*Badan Pengusahaan Kawasan*);
- (ii) importing raw materials and/or auxiliary materials, and at the same time releasing manufactured goods to TLDDP;
- (iii) owning and implementing a computer-based inventory information system (IT Inventory) that can be accessed online and in real-time by the Directorate General of Customs and Excise (DGCE), with the approval of the supervising Head of the Customs Office;
- (iv) having customs access; and
- (v) submitting the conversion of raw materials into manufactured goods and a blueprint for the production process with approval from the supervising Head of the Customs Office, when the goods are to be released to TLDDP.

Further, the provisions on the origin of goods consist of three criteria. *First*, the origin criteria. The origin criteria include goods that are wholly obtained or

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produced in one member country or goods that are not wholly obtained or produced in a member country.

Second, the consignment criteria. The consignment criteria include two aspects, i.e. the imported goods are sent directly from member countries that issue Certificate of Origin (*Surat Keterangan Asal/SKA*) Form IP into the customs area or imported goods are sent through one or more countries other than member countries.

Third, procedural provisions. The procedural provisions related to the issuance of SKA Form IP must meet several conditions. Said conditions include published in English, containing the SKA Form IP reference number, stating the criteria for the origin of the goods, filling out the SKA Form IP according to the provisions, issued no later than three days after the export date, and valid for 12 months from the date of issuance.

SKA Form IP may be submitted electronically by the SKA issuing agency to the customs office. In the event that SKA Form IP is submitted electronically, the obligation to submit the original SKA Form IP shall be exempted for importers, TPB operators/entrepreneurs, PLB operators/entrepreneurs, entrepreneurs in Free Trade Zones, or SEZ business entities/business players.

After the SKA Form IP is submitted electronically, the Customs and Excise Official at the Customs Office conducts research on the SKA Form IP for the imposition of preferential rates. Customs and Excise officials may request information from importers, TPB operators/entrepreneurs, PLB operators/entrepreneurs, entrepreneurs in free trade zones, or SEZ Business Entities/Business Players as per prevailing provisions. The imposition of preferential tariffs on imported goods using SKA Form IP may be subject to re-examination or customs audit as per applicable regulations.

For SKA Form IP whose validity and correctness are doubtful, a request for a retroactive check is made to the SKA Issuing Agency, and the imported goods are subject to statutory MFN import duty tariffs. A request for a retroactive check refers to a request made by a customs and excise official to the SKA Issuing Agency to obtain information concerning the fulfillment of the Origin Criteria and/or the validity of the SKA Form IP.

The request for retroactive check can be made more than once if the answer is not accompanied by supporting evidence or the answer is deemed insufficiently convincing by the Customs and Excise Official. Parties involved in the retroactive check

request process must maintain the confidentiality of information. Such information can only be disclosed by the agency authorized to conduct research and action related to the provisions on the origin criteria.

The use of SKA Form IP is subject to periodical monitoring and/or evaluation by the Head of the Regional Office of the DGCE or the Head of the Customs and Excise Primary Service Office. The monitoring and/or evaluation results are subsequently submitted to the director who carries out duties and functions in the field of international customs cooperation as materials for evaluating policies on the use of SKA Form IP. In the event that the SKA Form IP is canceled by the SKA Issuing Agency, the preferential tariffs shall not be granted.

Procedures for the Imposition of Preferential Rates Based on AJCEP

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The Ministry of Finance issues a new regulation on the procedures for the imposition of import duty rates based on the Asean - Japan Comprehensive Economic Partnership (AJCEP).

Procedures on the imposition of import duty rates based on AJCEP are outlined in the Minister of Finance Regulation No. 71/PMK.04/2021 concerning Procedures for the Imposition of Import Duty Rates on Imported Goods Based on the Agreement on Comprehensive Economic Partnership among Member States of the Association of Southeast Asian Nations and Japan ([MoF Reg. 71/2021](#)). Promulgated on 24 June 2021, this regulation takes effect 30 days thereafter.

Formerly, the imposition of import duties on imported goods based on AJCEP was stipulated under the Minister of Finance Regulation No. 229/PMK.04/2017 concerning Procedures for the Imposition of Import Duty Rates on Imported Goods Based on International Treaties or Agreements as amended several times, last amended by the Minister of Finance Regulation No. 124/PMK.04/2019 ([MoF Reg. 229/2017](#) as amended by [MoF Reg. 124/2019](#)).

However, to provide more legal certainty in services for customs activities on imported goods from AJCEP member countries, the government has refined the provisions under MoF Reg. 229/2017 as amended by MoF Reg. 124/2019 by issuing MoF Reg. 71/2021. On another note, MoF Reg. 71/2021 has been issued to accommodate the dynamics of the agreement on the comprehensive economic partnership among Asean member states and Japan.

Under MoF Reg. 71/2021 imported goods from AJCEP member states may be subject to preferential rates, the amount of which may differ from the statutory import duty rates (Most Favored Nation/MFN). The amount of the preferential rates is stipulated in a ministerial regulation concerning the stipulation of import duty rates within the framework of AJCEP.

The preferential rates, however, may be enjoyed if the imported goods comply with the rules of origin. Rules of origin refer to special provisions based on international treaties or agreements applied by a country to determine the country of origin of goods.

Imported goods are deemed to meet the rules of origin if three conditions are met, i.e. the origin criteria, the consignment criteria, and procedural provisions. The fulfillment of the rules of origin is evidenced by the submission of a certificate of origin upon importation.

Procedures for the Imposition of Import Duty Rates on Imported Goods Based on the Memorandum of Understanding between Indonesia and Palestine

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The Ministry of Finance issues a regulation concerning the procedures for the imposition of import duty rates on imported goods based on the memorandum of understanding between Indonesia and Palestine.

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The provisions are stipulated under the Minister of Finance Regulation No. 72/PMK.04/2021 concerning Procedures for the Imposition of Import Duty Rates on Imported Goods Based on the Memorandum of Understanding between the Government of the Republic of Indonesia and the Government of the State of Palestine on Trade Facilitation for Certain Products Originating from Palestinian Territories ([MoF Reg. 72/2021](#)).

This regulation has been issued to provide legal certainty in the provision of customs services for imports of goods from the Palestinian territories to accommodate the dynamics of the Memorandum of Understanding between the Government of the Republic of Indonesia and the Government of the State of Palestine.

Formerly, the imposition of import duties on imported goods based on international treaties/agreements was stipulated under [MoF Reg. 229/2017](#) as amended by [MoF Reg. 124/2019](#). Based on these regulations, imported goods from member countries of international treaties/agreements were entitled to preferential rates.

As per Article 2 of MoF Reg. 72/2021, imported goods may be subject to preferential tariffs, the amount of which may differ from the statutory import duty rates (most favored nation/MFN). The preferential rates are imposed on five types of goods as follows:

- (i) import of goods for use using an import customs notification in the form of an Import Declaration (*Pemberitahuan Impor Barang/PIB*);
- (ii) import of goods for use using import customs notification in the form of import declaration from the Bonded Storage Area (*Tempat Penimbunan Berikat/TPB*), which upon the entry of goods to TPB, approval to use preferential tariffs has been obtained;
- (iii) import of goods for use using import customs notification in the form of import declaration from the Bonded Logistics Center (*Pusat Logistik Berikat/PLB*), which upon the entry of goods to PLB, approval to use preferential tariffs has been obtained;
- (iv) release of goods produced from the free trade zone to other places within the customs area (*Tempat Lain Dalam Daerah Pabean/TLDDP*) insofar as the raw materials and/or auxiliary materials originate from outside the customs area, approval to use preferential tariffs has been obtained upon entry of goods into the free trade zone, and is carried out by entrepreneurs in the free trade zone that have met the requirements as entrepreneurs allowed to use preferential tariffs;

- (v) release of goods from Special Economic Zones (SEZ) (*Kawasan Ekonomi Khusus/KEK*) to TLDDP, which upon the entry of goods to SEZ, approval to use preferential tariffs has been obtained.

Entrepreneurs in free trade zones referred to in point (iv) above, on the other hand, must meet the following requirements.

- (i) having a business license from the Free Trade Zone Management Board (*Badan Pengusahaan Kawasan*);
- (ii) importing raw materials and/or auxiliary materials, and at the same time releasing manufactured goods to TLDDP;
- (iii) owning and implementing a computer-based inventory information system (IT Inventory) that can be accessed online and in real-time by the Directorate General of Customs and Excise (DGCE), with the approval of the supervising Head of the Customs Office;
- (iv) having customs access; and
- (v) submitting the conversion of raw materials into manufactured goods and a blueprint for the production process with approval from the supervising Head of the Customs Office, when the goods are to be released to TLDDP.

Further, the provisions on the origin of goods consist of three criteria. *First*, the origin criteria. The origin criteria include goods that are wholly obtained or produced in one member country or goods that are not wholly obtained or produced in a member country.

Second, the consignment criteria. The consignment criteria include two aspects, i.e. the imported goods are sent directly from member countries that issue Certificate of Origin (*Surat Keterangan Asal/SKA*) Form IP into the customs area or imported goods are sent through one or more countries other than member countries.

Third, procedural provisions. The procedural provisions related to the issuance of SKA Form IP must meet several conditions. Said conditions include published in English, containing the SKA Form IP reference number, stating the criteria for the origin of the goods, filling out the SKA Form IP according to the provisions, issued no later than three days after the export date, and valid for 12 months from the date of issuance.

SKA Form IP may be submitted electronically by the SKA issuing agency to the customs office. In the event that SKA Form IP is submitted electronically, the obligation to submit the original SKA Form IP shall be exempted for importers, TPB operators/

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entrepreneurs, PLB operators/entrepreneurs, entrepreneurs in Free Trade Zones, or SEZ business entities/business players.

After the SKA Form IP is submitted electronically, the Customs and Excise Official at the Customs Office conducts research on the SKA Form IP for the imposition of preferential rates. Customs and Excise officials may request information from importers, TPB operators/entrepreneurs, PLB operators/entrepreneurs, entrepreneurs in free trade zones, or SEZ Business Entities/Business Players as per prevailing provisions.

The imposition of preferential tariffs on imported goods using SKA Form IP may be subject to re-examination or customs audit as per applicable regulations.

For SKA Form IP whose validity and correctness are doubtful, a request for a retroactive check is made to the SKA Issuing Agency, and the imported goods are subject to statutory MFN import duty tariffs. A request for a retroactive check refers to a request made by a customs and excise official to the SKA Issuing Agency to obtain information concerning the fulfillment of the Origin Criteria and/or the validity of the SKA Form IP.

The request for retroactive check can be made more than once if the answer is not accompanied by supporting evidence or the answer is deemed insufficiently convincing by the Customs and Excise Official. Parties involved in the retroactive check request process must maintain the confidentiality of information. Such information can only be disclosed by the agency authorized to conduct research and action related to the provisions on the origin criteria.

The use of SKA Form IP is subject to periodical monitoring and/or evaluation by the Head of the Regional Office of the DGCE or the Head of the Customs and Excise Primary Service Office. The monitoring and/or evaluation results are subsequently submitted to the director who carries out duties and functions in the field of international customs cooperation as materials for evaluating policies on the use of SKA Form IP.

In the event that the SKA Form IP is canceled by the SKA Issuing Agency, the preferential tariffs shall not be granted. The provisions under this MoF Reg. apply to imported goods of which the customs declaration documents have received a registration number and date from the Customs Office where customs obligations are fulfilled as of the effective date of this regulation. Promulgated on 24 June 2021, this regulation comes into force 30 days thereafter.

Procedures for the Imposition of Preferential Rates Based on IJEPA

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The Ministry of Finance issues a new regulation on the procedures for the imposition of import duty rates based on the Indonesia - Japan Economic Partnership Agreement (IJEPA).

Procedures on the imposition of import duty rates based on IJEPA are outlined in the Minister of Finance Regulation No. 73/PMK.04/2021 concerning Procedures for the Imposition of Import Duty Rates on Imported Goods Based on the Agreement between the Republic of Indonesia and Japan for an Economic Partnership ([MoF Reg. 73/2021](#)). Promulgated on 24 June 2021, this regulation shall come into force 30 days thereafter.

Formerly, the imposition of import duties on imported goods based on AJCEP was stipulated under the Minister of Finance Regulation No. 229/PMK.04/2017

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concerning Procedures for the Imposition of Import Duty Rates on Imported Goods Based on International Treaties or Agreements as amended several times, last amended by the Minister of Finance Regulation No. 124/PMK.04/2019 ([MoF Reg. 229/2017](#) as amended by [MoF Reg. 124/2019](#)).

However, to provide more legal certainty in services for customs activities on imported goods from AJCEP member countries, the government has refined the provisions under MoF Reg. 229/2017 as amended by MoF Reg. 124/2019 by issuing MoF Reg. 73/2021. On another note, MoF Reg. 73/2021 has been issued to accommodate the dynamics of the agreement on economic partnership between Indonesia and Japan.

Under MoF Reg. 73/2021 imported goods from Japan may be subject to preferential rates, the amount of which may differ from the statutory import duty

rates (Most Favored Nation/MFN). The amount of the preferential rates is stipulated in a ministerial regulation concerning the stipulation of import duty rates within the framework of IJCEPA.

The preferential rates, however, may be enjoyed if the imported goods comply with the rules of origin. Rules of origin refer to special provisions based on international treaties or agreements applied by a country to determine the country of origin of goods.

Imported goods are deemed to meet the rules of origin if three conditions are met, i.e. the origin criteria, the consignment criteria, and procedural provisions. The fulfillment of the rules of origin is evidenced by the submission of a certificate of origin upon importation.

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