



*Friday, 1st April 2022*

**INFORMATION**

**Update Value Added Tax (VAT) Rate Increased From 10% To 11%, Effective from 1 April 2022**

Based on the Regulation of the Directorate General of Taxation of the Ministry of Finance Republic Indonesia No. 7 Year 2021 that was published on 29 October 2021 concerning Harmonization of Tax Regulations about Value Added Tax (VAT) rate, there is an update of increasing VAT from 10% to 11% is officially effective starting from 1 April 2022 to 1 April 2024 which is containing in Article 7 paragraph (1).

In addition, the VAT rate will increase to 12% (twelve percent) on 1 January 2025.

With the update of the VAT system, the previous 10% VAT rate which are contained in Law No. 8 Year 1983 and its amendments; Law No. 11 Year 1994, Law No. 18 Year 2000, and Law No. 42 Year 2009 established since 1 July 2020 have been revoked.

As referred above, the rate of Value Added Tax can be changed to a minimum of 5% (five percent) and a maximum of 15%. A Government Regulation shall regulate changes in the rate of Value Added Tax after being submitted by the government to the House of Representatives of the Republic of Indonesia to be discussed and agreed upon in the preparation of the Draft State Revenue and Expenditure Budget.

For your reference regarding the Harmonization of Tax Regulations about the Value added tax (VAT) rate increased, please check the Ministry of Finance website in the link [here](#).

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