



INFORMATION

The relaxations of Tax Payments for Tobacco Factories based on the Regulation of the Minister of Finance No.93/PMK.04/2021

The Minister of Finance Sri Mulyani Indrawati has released incentives for tobacco factories by allowing the business owners to delay paying taxes for a maximum of 90 days as part of non-fiscal stimulus measures on July 12th, 2021. This has been stipulated in the Regulation of the Minister of Finance (PMK) No.93/PMK.04/2021 about the Second Amendment to the Regulation of the Minister of Finance No.57/PMK.04/2017 concerning Postponement of Excise Payments for Factory Entrepreneurs or Importers of Excisable Goods Who Make Payments by Attaching Excise Tape.

This decision was made as a response to the request coming from the Association of Tobacco Manufacturers for the relaxation on tax payments, after previously only given a maximum of 60 days. The ministries stated that the new regulations of 90-days tax deferral relaxation are to provide continuous support in order to maintain productivity and cash flow for entrepreneurs of excisable goods factories in the midst of the ongoing COVID-19 pandemic.

Under these regulations, businesses will be allowed to defer payments under certain conditions;

1. Factory operators will need to submit a decision letter (SKEP) seeking an extension on tax payment and update the Proof of Guarantee Approval (BPJ), according to the ministry.
2. The head of the customs and excise office or the head of the regional customs and excise office makes a decision on granting the postponement based on the request of the factory operators
3. Factory operators must submit a guarantee to customs for the 90-days delay period.

In addition, this regulation only applies to factories that order excise stamps and apply for a delay on July 12th, 2021, or when the regulations come into effect. The extension of the 90-days payment delay is only valid until October 31st, 2021, which means that the relaxation is only valid for approximately three months.

According to the ministry, these all relaxations will be handled by customs by upholding the principle of circumspection considering the total value of the delayed payments is IDR 71 trillion, or 97 % of CK-1. It is calculated based on delayed tax payments on 120 tobacco product factories, or 11% of tobacco products factories between January 1st to May 31st, 2021.

Reference:

- The Minister of Finance Regulations No.93/PMK.04/2021

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id. Thank you for your attention and hope this information would be valuable for you.

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