



## INFORMATION

**Update on the Implementation of Value Added Tax and Sales Tax on Luxury Goods in Indonesia Based on the Government Regulation No. 44 Year 2022**

The Government of Indonesia stipulated Government Regulation No. 44 Year 2022 concerning the Implementation of Value Added Tax (Pajak Pertambahan Nilai/PPN) and Sales Tax on Luxury Goods (Pajak Penjualan atas Barang Mewah/PPnBM) for the adjustment of Good and Services Value Added Taxes and Tax regulations of the Sales of Luxury Goods. This regulation is addressed to the buyers, sellers, or taxable entrepreneurs in calculating the adjustment of the tax, how to deposit, appoint another party to collect, deposit, and/or report tax of the PPN and PPnBM.

There are several the provisions of PPN and PPnBM that are divided into 3 (three) major groups as follows:

1. **New substances**, including:
  - a. Other parties appointed to collect, deposit and/or report PPN or PPN and PPnBM
    - Other parties are parties directly involved in/or facilitating transactions between parties who transact, at least in the form of traders, service providers, and/or Trade Operators Through Electronic Systems;
    - PPN and PPnBM are still collected by other parties who have been appointed as the collectors, and carry out transactions with Article 16A PPN collectors of the PPN Law or facilitate transactions with Article 16A PPN collectors.
  - b. Further arrangements regarding Taxable Goods (Barang Kena Pajak /BKP) or Taxable Services (Jasa Kena Pajak/JKP), which include:
    - Provision of free BKP and JKP services;
    - Confirmation of the imposition of PPN on delivery of BKP/JKP carried out in operational and non-operational activities;
    - Imposition of PPN on delivery of BKP in the form of collateral taken over by creditors;
    - Submission of Taxable Goods in a Syariah financing transaction scheme that is not subject to PPN as long as the Taxable Goods are eventually returned to the party that originally submitted.
  - c. Arrangements related to the use of Certain Amounts.
  - d. Certain documents whose position is equated with a tax invoice that is made after a period of three months since the document is supposed to be made are not treated as certain documents whose position is equated with a tax invoice.
2. **Improved substance from the previous Government Regulation**, including:
  - a. Buyers or service recipients who are jointly and severally responsible for the payment of PPN and PPnBM can fulfill this through self-assessment using a Tax Payment Slip (Surat Setoran Pajak/SSP);
  - b. Adjustments to regulations related to BKP/JKP, including the elimination of terminology and arrangements for self-use for productive purposes and technical adjustments to the imposition of PPN on delivery of BKP through auction organizers;
  - c. Adjustment of PPN and PPnBM calculations;
  - d. Adjustment of Tax Imposition Basis (Dasar Pengenaan Pajak/DPP) used in the context of determining PPN and PPnBM in the event of an inspection;
  - e. Determination of the Minister of Finance exchange rate used to calculate the PPN or PPN and PPnBM payable in the event that transactions are made using currencies other than Rupiah.
3. There are also several substances related to matters of PPN and PPnBM, further provisions regarding BKP/JKP, write-off of receivables, and further arrangements regarding taxable entrepreneur's retail traders, have not changed from the previous Government Regulation.

In addition, the calculation formula of PPN and PPnBM can be obtained on Government Regulation No. 44 Year 2022 *page 17*.

With the enactment of the regulation, the Government Regulation No. 1 Year 2012 and *Article 5* of Government Regulation No. 9 Year 2021 have been **revoked and declared invalid**.

Reference:

- Government Regulation No. 44 Year 2022

If you require the copy of these regulations, please do not hesitate to contact [research@ibai.or.id](mailto:research@ibai.or.id)  
Thank you for your attention and hope this information would be valuable to you.

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