

Luxury goods sales tax (LST) for vehicles

Fuel efficiency and CO2 emission counts more

Under current regulation (GR 41/2013 as amended by GR 22/2014), the LST rate for a vehicle is governed primarily by its type and its cylinder capacity. Sedans and station wagons are considered the most luxurious vehicles and therefore are taxed at the highest rates ranging from 30% for below-1500cc cars to 125% for those above 3000cc of the corresponding selling prices. For other vehicles, the passenger capacity matters. A 1500cc car with a passenger capacity of less than 10 is taxed at 10%. The tax rate is increased for higher-than-1500cc cars the top rate being 125% for cars of higher than 3000cc. A four-wheel drive feature results in an extra increase of the tax rate. However, larger passenger capacity may reduce the tax rate. A car of more than 15 passengers even has its LST zero-rated. For commercial vehicles, the tax rate arrangement is a little different (Table 1).

LST rates for vehicles (GR 41/2013 and GR 22/2014)								
Vehicle Type		Specification	Cylinder capacity (cc)					
			≤ 1.500	1.501	2.000	2.500	2.501-3.000	> 3.000
Passenger vehicles	KBH2	Gasoline/Diesel	0%					
	Sedan/ Station Wagon	Gasoline	30%	40%				125%
		Diesel		40%		125%		
	< 10 pssngrs (4x2)	Gasoline	10%	20%		40%	125%	
		Diesel		20%		125%		
	< 10 pssngrs (4x4)	Gasoline	30%	40%				125%
		Diesel		40%		125%		
	≥ 10 pssngrs	10 - 15 pssngr	10%					
		> 15 pssngrs	0%					
Vehicle Type		Specification	≤ 5 Ton		> 5 Ton			
Commercial vehicles	Pick-up	Single Cabin	0%		0%			
		Single Cabin	20%					
	Others		0%					

In its considerations, GR 41/2013 cites the objective of promoting energy-efficient and environment-friendly cars but does not provide any elaboration thereon. The 2017 implementing regulations, MoF No. 33/PMK.010/2017 (PMK 33), compensates the shortcoming: it rules that low-emission and affordable cars (KBH2), i.e. gasoline and diesel cars with a cylinder capacity of 1500cc or less, have their LST zero-rated. Nevertheless, in other parts the regulation, PMK 33 states that a designated LST rate stipulated to apply for a particular category of vehicles, it shall apply to the vehicles within the category without regard to whether they are equipped with an electric engine (which generally features energy efficiency and environment friendliness).

On 16 October 2019, the Government issued GR 73/2019 regarding LST for motor vehicles (GR 73). Promoting the use of fuel-efficient and environment friendly cars remains as the main objective. GR 73 also aims to empower the Indonesian automotive industry. Therefore, it rewards better performance in terms of energy efficiency and environment friendliness relative to the others with lower LST rates. Overall, the LST rates under GR 73 (0%-95%) are lower than those under GR (0%-125%) (Table 2).

GR 73 classifies passenger vehicles broadly into five categories: passenger vehicles, commercial vehicles, low-emission vehicles, special vehicles, and supercar (Table 2). Low-emission vehicles with a cylinder capacity of up to 3000cc get the lowest range of *effective* LST rates (0% to 12%). The *effective* rates are derived from the *nominal* LST rate of 15% multiplied by the relevant LST base ranging from 131/3% to 80% of the vehicle selling price.

The low-emission vehicles subject to 0% LST include plug-in hybrid electric vehicles (PHEV), battery electric vehicles (EV), and fuel-cell electric vehicles (FC.). However, KBH2, which are subject 0% LST under GR 41, is taxed at 3% under GR 73.

LST rates for vehicles (GR 73/2019)						
Category		Fuel Consumption (km/l)		CO2 (g/km)	Cylinder capacity (cc)	
		Gasoline	Diesel		< 1500	> 3000-4000
Passenger Vehicles	< 10 persons	> 15.5	> 17.5	< 150	15%	40%
		15.5 - 11.6	17.5 - 13.1	150 - 200	20%	50%
		11.5 - 9.3	13.0 - 10.5	201 - 250	25%	60%
		< 9.3	< 10.5	> 250	40%	70%
	Electric Motor (< 10 persons)					15%
	(≥ 10 s.d. 15 persons / Minibus)	> 11.6	> 13.1	< 200	15%	25%
		=< 11.6	=< 13.1	=> 200	20%	30%
Commercial vehicles	Double Cabin	> 15.5	> 17.5	< 150	10%	20%
		15.5 - 11.6	17.5 - 13.1	150 - 200	12%	25%
		< 11.6	< 13.1	> 200	15%	30%
	Electric Motor					10%
Low-emission vehicles	KBH2	20	21.8	120	3%	
	Full Hybrid	> 23	> 26	< 100	2%	20%
		23 - 18.5	26 - 21	100 - 125	5%	25%
		18.4 - 15.5	20 - 17.5	126 - 150	8%	30%
	Mild Hybrid	> 23	> 26	> 100	8%	20%
		23 - 18.5	26 - 21	100 - 125	10%	25%
		18.4 - 15.5	20 - 17.5	126 - 150	12%	30%
Special vehicles	Flexy Engine (E100/B100)	-	-	-	8%	
	PHEV, EV/FC	> 28		100	0%	
	Golf				50%	
Supercar	For Snow, Beach, Mountain and or simiar vehicle				60%	
	Trailer, Semi Trailer, Caravan for Housing or Camping	> 4000cc				95%

Low-emission vehicles with cylinder capacity exceeding 3000cc gets LST rates higher (20%-30%). For vehicles of this subcategory, the nominal tax rates equal the effective tax rates. Hence, the LST base include 100% of the selling price.

Supercars get the highest LST rate of 95%.

WHT 23/26 obligations

End-to-end e-compliance – accession continues

The DGT issued DGT Decree No. KEP- 652/PJ/2019 (KEP 652) on 18 October 2019 as continuation of KEP 599/ PJ/2019 issued in September 2019 calling for taxpayers to adopt the end-to-end e-compliance system for WHT 23/26 obligations mandated by PER-04/PJ/2017.

As discussed previously, the system is implemented in phases, demanding a group of taxpayers after another to adopt the new system. KEP 652 adds another lot to join the group, i.e. taxpayers with a taxable enterprise (PKP) status registered with the following middle tax service offices (“KPP Madya”):

1. KPP Madya Medan;
2. KPP Madya Pekanbaru;
3. KPP Madya Batam;
4. KPP Madya Palembang;
5. KPP Madya Bekasi;
6. KPP Madya Bogor;
7. KPP Madya Tangerang;
8. KPP Madya Bandung;
9. KPP Madya Semarang;
10. KPP Madya Surabaya;
11. KPP Madya Sidoarjo;
12. KPP Madya Malang;
13. KPP Madya Denpasar;
14. KPP Madya Balikpapan;
15. KPP Madya Makassar.

Please refer to ITNH No. 04/2019 for the discussion on certain aspects of the end-to-end WHT23/26 e-compliance system.

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