



## Indonesia Tax Info August 2022

### Update on regulation related to VAT invoice

On March 2022, the Director General of Taxation (DGT) issued Regulation Number PER-03/PJ/2022 (PER-03) regarding VAT invoice (please refer to [Tax Alert April 2022](#) and [Tax Info June 2022](#)). One particular provision in PER-03 that attracts to a lot of attention is Article 6(6) regulating VAT invoice for delivery of taxable goods and/or taxable services to business units of a centralized VAT-able entrepreneur (*pengusaha kena pajak* (PKP)). On 4 August 2022, the DGT issued regulation number PER-11/PJ/2022 (PER-11) to restrict the provision in Article 6(6) of PER-03.

The DGT issued PER-11 to restrict the provision in Article 6(6) of PER-03.

Under Article 6(6) of PER-03, if a delivery is made to a branch of a PKP registered in the designated tax offices (i.e., Large Tax Office, Special Tax Office, and Medium Tax Office (*Kantor Pelayanan Pajak Wajib Pajak Besar/Khusus/Madya* (KPP WP BKM))) in which the VAT administration is automatically centralized (i.e., being a central PKP), provided that the branch has been registered for tax purpose, the identity of the buyer/service recipient stated in the VAT invoice must comprise:

- Name of the central PKP;
- Tax identification number (NPWP) of the central PKP; and
- Address where the actual delivery is made.

PER-11, which will be effective starting from 1 September 2022, restricts the Article 6(6) above to be applicable only to delivery to a branch of PKP registered with KPP WP BKM that fulfills the following criteria:

- The branch is in the following designated places/zones having the VAT facility or the VAT and/or Luxury-goods Sales Tax (LST) not-collected facility:
  - Bonded stockpiling area (*Tempat Penimbunan Berikat*);
  - Special economic zone (*Kawasan Ekonomi Khusus*); and
  - Other similar zone in Indonesian customs area having the VAT facility or the VAT and/or LST not-collected facility; and
- The contemplated delivery is eligible for the VAT facility or the VAT and/or LST not-collected facility.

Under such restriction, VAT invoice for a delivery to a branch that does not meet the Article 6(6) criteria above must use the address of the central PKP.

PER-11 also confirms that a VAT invoice is creditable as long as it meets the requirements to credit input VAT.

The DGT provides a relaxation on the transitional period in which all VAT invoices issued in accordance with Article 6(6) of PER-03 between 1 April and 31 August 2022 will remain valid. They are creditable to buyer/service recipient if they meet the creditable input VAT requirements. However, starting from 1 September 2022, Article 6(6) will be applicable only to VAT invoices for a delivery to a branch of PKP registered with KPP WP BKM fulfilling the criteria above.

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