



Thursday, 10th February 2022

INFORMATION

Extension of Tax Discount for the Sales of Government-Borne Luxury Goods (PPnBM DTP) for Vehicles Effective from February 2nd, 2022

The Ministry of Finance of the Republic of Indonesia has issued The Ministry of Finance Regulations (Permenkeu) No. 5/PMK.010/2022 regarding the Sales Tax on Luxury Goods on the Delivery of Taxable Goods Categorized Luxury in the Form of Certain Motor Vehicles Borne by the Government Financial Year 2022. In the new regulation, the government stated to extend the tax discount or incentive for the Sales of Government-Borne Luxury Goods (PPnBM DTP) for motorized vehicles until September 2022, which is effective from **February 2nd, 2022**.

This regulation update is a part of the government's effort to boost the performance of the automotive sector by increasing new car sales. By the enactment of The Ministry of Finance Regulations (Permenkeu) No. 5/PMK.010/2022, it caused several previous regulations, such as The Ministry of Finance Regulations (Permenkeu) No. 31/PMK.010/2021, The Ministry of Finance Regulations (Permenkeu) No. 77/PMK.010/2021, and The Ministry of Finance Regulations (Permenkeu) No. 120/PMK.010/2021 to be **revoked and declared invalid**.

There are several updates regarding the extension of the tax discount or incentive for the Sales of Government-Borne Luxury Goods (PPnBM DTP), including:

1. PPnBM DTP Incentives for Low-Cost Green Car (LCGC)

Motorized vehicles that cost less than IDR 200 million for energy-efficient and affordable vehicles are known as the Low-Cost Green Car (LCGC) vehicles. It means that:

- a. Purchasing in Q1 of 2022, the PPnBM discount is 100%
- b. Purchasing in Q2 of 2022, the PPnBM discount is 66.66%
- c. Purchasing in Q3 of 2022, the PPnBM discount is 33.33%

2. PPnBM DTP Incentives for Non-LCGC

The vehicles included in this segment are vehicles with an engine capacity of up to 1.500 cc with a price between IDR 200 million- IDR 250 million, purchasing in Q1 of 2022 will received PPnBm discount of 50%.

With this update, it can be understood that there are several updates regarding the extension of the tax discount or incentive for the Sales of Government-Borne Luxury Goods (PPnBM DTP), especially the period of the extension which will be last on September 2022. However, the full luxury goods tax exemption for the purchase of new cars will only apply in Q1 of 2022 with decreasing the amount of PPnBM discount every quarter.

For your reference, please check The Ministry of Finance Regulations (Permenkeu) No. 5/PMK.010/2022 on the updates regarding the extension of the tax discount or incentive for the Sales of Government-Borne Luxury Goods (PPnBM DTP) in Bahasa Indonesia and English translation [here](#).

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