

taxprime[®] Newsletter



Sales Tax on Luxury Goods for Vehicles

The Indonesian government encourages the shift from the use of fuel-oil vehicles to electric vehicles. This policy was triggered by the high level of air pollution by motor vehicles.

The result of a study by the Ministry of Transportation in 2020 shows that 60% of air pollution is contributed by vehicles on the highway. This figure is ever increasing along with the growth of the number of vehicles.

Additionally, based on a study conducted by the Ministry of Public Works, the growth rate of vehicles on the highway is around 15% per year. Hence, the increasing number of motorized vehicles on the road predicted has potential to increase the level of air pollution.

One of the incentives provided by the government to switch fuel-oil vehicles to electric vehicles is tax incentives.

The Minister of Finance through the Regulation of the Minister of Finance number 141/PMK.010/21 levies Sales Tax on Luxury Goods of 15% for electric vehicles with a capacity of 10 to 15 people as well as a 10% rate for electric vehicles with double cabins which are the lowest rates for Sales Tax on Luxury Goods.

In order to reduce the level of air pollution, the Sales Tax on Luxury Goods policy imposes the lowest tariff for motorized vehicles that have the lowest level of CO₂ emissions. In other word, the higher the emission level, the higher the Sales Tax on Luxury Goods rate.

The rate of Sales Tax on Luxury Goods vehicles based on the Minister of Finance Regulation number 141/PMK.010/21 is divided according to the number of passenger capacities. There are 4 groups of Sales Tax on Luxury Goods rates, namely:

1. Vehicles with less than 10 passengers
2. Vehicles with 10 to 15 passengers
3. Vehicles with double cabin
4. Other types of motorized vehicles

Sales Tax on Luxury Goods is also charged at the importer and manufacturer level. The payable Sales Tax on Luxury Goods is acquired by multiplying the import value or selling value by the Sales Tax on Luxury Goods rate.

The following are the rates for VAT on petrol, diesel, semi-diesel, and electric vehicles:

Table 1 Tariff of Sales Tax on Luxury Goods Vehicles with Passengers Less Than 10

| Machine | Machine Capacity | CO ₂ emissions | Sales Tax on Luxury Goods Rates |
|---------------------|----------------------|---------------------------|---------------------------------|
| Gasoline/ diesel | ≤ 3000 cc | < 150 grams/km | 15% |
| | | 150 to 200 grams/km | 20% |
| | | < 200 to 250 gram/km | 25% |
| | | > 250 grams/km | 40% |
| Gasoline/ diesel | > 3000 cc to 4000 cc | < 150 grams/km | 40% |
| | | 150 to 200 grams/km | 50% |
| | | < 200 to 250 gram/km | 60% |
| | | > 250 grams/km | 70% |
| Electric motor | | | 15% |

Table 2 Tariffs for Sales Tax on Luxury Goods Vehicles with 10 to 15 passengers

| Machine | Machine Capacity | CO ₂ emissions | Sales Tax on Luxury Goods Rates |
|----------------------|----------------------|---------------------------|---------------------------------|
| Gasoline / diesel | ≤ 3000 cc | < 200 grams/km | 15% |
| | | ≥ 200 grams/km | 20% |
| | > 3000 cc to 4000 cc | < 200 grams/km | 25% |
| | | ≥ 200 grams/km | 30% |
| Electric motor | | | 15% |

Table 3 Tariffs for Sales Tax on Luxury Goods for Double Cabin Vehicles

| Machine | Machine Capacity | CO ₂ emissions | Sales Tax on Luxury Goods Rates |
|----------------------|----------------------|---------------------------|---------------------------------|
| Gasoline / diesel | ≤ 3000 cc | < 150 grams/km | 10% |
| | | 150 to 200 grams / km | 12% |
| | | ≥ 200 grams/km | 15% |
| | > 3000 cc to 4000 cc | < 150 grams/km | 20% |
| | | 150 to 200 grams / km | 25% |
| | | ≥ 200 grams/km | 30% |
| Electric motor | | | 10% |

Table 4 Tariffs for Sales Tax on Luxury Goods for Other Vehicles

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| Golf carts (including golf buggies) and similar vehicles | 50% |
| Special vehicles made for travel on snow, on the beach, on mountains, or similar vehicles | 60% |
| 2 or 3 wheeled motor vehicles with reciprocating internal combustion piston engine with a cylinder capacity exceeding 250 cc but not exceeding 500 cc | 60% |
| 2 or 3 wheeled motor vehicles with reciprocating internal combustion piston engine with a cylinder capacity exceeding 500 cc | 95% |
| Trailers, semi-trailers of the caravan type, for housing or camping | 95% |
| Motorized vehicles with a cylinder fill capacity of more than 4,000 cc | 95% |



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