

The background of the slide is a photograph of three business professionals in a meeting. A man with a beard and a blue striped tie is looking at a tablet. Another man in a dark suit and blue striped tie is looking at a folder. A third man is partially visible on the left. They are all in a professional setting with a marble table in the foreground.

Tax Insight

# **Directorate General of Taxes Regulation No. 1 of 2025**



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Due to the uncertainty of the administration process, The Directorate General of Taxes (DGT) has now released a Regulation of Number 1 of 2025 which relates to the technical guideline for the issuance of tax invoices in accordance with the implementation of MoF Regulation No. 131 of 2024.

Although the Minister of Finance (MoF) Regulation No. 131 of 2024 had confirmed that the Value Added Tax (VAT) rate of Non-Luxury goods and services effectively

remains at 11%, the unique method of increasing the tax rate to 12% while simultaneously reducing the tax base using a multiplier of 11/12 has caused further uncertainty. Specifically, the new MoF Regulation implies that the tax base for Non-Luxury goods now uses Other Value, more commonly known as *Nilai Lain*. This would mean that the tax invoice for Non-Luxury goods would now use the code 04, instead of the usual 01 code.



# Directorate General of Taxes Regulation No. 1 of 2025

According to MoF Regulation No. 131 of 2024, VAT on the transfer of Non-Luxury Goods and Services are calculated by multiplying the VAT rate of 12% by the Tax Base of Other Value, which is 11/12 of the selling price.

To allow taxpayers have sufficient time to adjust their administrative systems for issuing tax invoices, the government has implemented a three-month transition period from January 1 to March 31, 2025. During this transition period, tax invoices for the transfer of Non-Luxury Goods and Services that list VAT payable as either:

1.  $11\% \times \text{import value/selling price}$
2.  $12\% \times \text{other value } (11/12 \times \text{import value/selling price})$

Instead of the correct 12% rate and the tax base of 11/12 of the selling price, the above methods are deemed to be correct and will not be subject to penalties. However, we have tried to perform it using the CoreTax system and note that the system currently does not support issuing Tax Invoices at the 11% VAT rate. Therefore, we shall wait for the system update made by the Government.

Furthermore, the increase in the VAT rate from 11% to 12% may result in an overcollection of 1%, especially during the early days of the implementation of these new regulations. For this overcollection, the following provisions apply:

1. Buyers may request a refund for the 1% overcollection of VAT.
2. Taxable Entrepreneurs acting as sellers must issue revised tax invoices.

## Application for the Refund of Over-collected VAT

As outlined in Article 4 of DGT Regulation No. 1 of 2025, over-collection of VAT due to using the full selling price as the Tax Base instead of 11/12 of the selling price may be refunded upon a request from the collected party. After the request is filed, the selling Taxable Entrepreneur is required to correct or replace the Tax Invoice or equivalent document.

MoF Regulation No. 187 of 2015, most recently amended by MoF Regulation No. 81 of 2024, outlines the provisions regarding the procedures for the refund of VAT overpayment that should not have been paid, specifically in Articles 13 and 14 of MOF Regulation No. 187 of 2015.

In the event of an error in the withholding or collection of VAT, the VAT that should not have been collected may be refunded upon application by the collected party, provided that the party is not a taxable entrepreneur.

The provisions for the application are as follows:

1. The request for a refund must be submitted in writing in the Indonesian language.
2. The request must be signed by the Taxpayer or Collected Party.
3. A special power of attorney, in the event that the request is signed by someone other than the Taxpayer or Collected Party, in accordance with the provisions of taxation laws.
4. The request must be accompanied by these documents:
  - ▶ Original proof of VAT collected, Tax Invoices, or equivalent documents;
  - ▶ Calculation of the VAT that should not have been owed; and
  - ▶ The reason for the request for a refund of the excess VAT payment that should not have been owed.



## Examples

Article 7 of this new DGT Regulation stipulates that examples of the transaction codes for tax invoices and the calculation of VAT are provided in the attachments to the DGT Regulation as following:

### Example 1: The Delivery of Taxable Luxury Goods

On January 2<sup>nd</sup> of 2025, PT A, a Taxable Entrepreneur dealer, delivered Taxable Goods in the form of a 1,500 cc car with a selling price of IDR 300,000,000, excluding VAT, to PT B. Considering that the Taxable Goods fall into the category of Luxury Goods subject

to VAT based on the provisions of tax regulations, the VAT payable on the delivery of the Taxable Goods is calculated by multiplying the rate of 12% (twelve percent) by the Tax Base in the form of the selling price.

Therefore, for the delivery of the Taxable Goods, PT A is required to issue a Tax Invoice which includes the following details:

1. Transaction Code 01
2. Selling price of IDR 300,000,000
3. Tax base of IDR 300,000,000
4. VAT of IDR 36,000,000 (12% x IDR 300,000,000)

## Example 2: The Delivery of Taxable Non-Luxury Goods

On January 3<sup>rd</sup> of 2025, PT C, a Taxable Entrepreneur, delivered Taxable Goods in the form of a computer with a selling price of IDR 12,000,000, excluding VAT, to PT D. Considering that the Taxable Goods are not classified as Luxury Goods subject to VAT under the provisions of tax regulations, the VAT payable on the delivery of the Taxable Goods is calculated by multiplying the rate of 12% by the Tax Base in the form of Other Value equivalent to 11/12 of the selling price.

Therefore, for the delivery of the Taxable Goods, PT C is required to issue a Tax Invoice which includes the following details:

1. Transaction Code 04
2. Selling price of IDR 12,000,000
3. Tax base of IDR 11,000,000  
( $11/12 \times \text{IDR } 12,000,000$ )
4. VAT of IDR 1,320,000 ( $12\% \times \text{IDR } 11,000,000$ )



### Example 3: The Delivery of Taxable Non-Luxury Goods in a Bonded Zone

On January 12, 2025, PT E, a Taxable Entrepreneur, delivered Taxable Goods in the form of wheat flour valued at IDR 24,000,000, excluding VAT, to PT F, a packaged food industry entrepreneur located in a Bonded Zone (*Kawasan Berikat*). This delivery of Taxable Goods is granted a facility exempting it from VAT collection. Considering that the Taxable Goods are not classified as Luxury Goods under the provisions of tax regulations, the VAT payable on the delivery of the Taxable Goods is calculated by multiplying the

rate of 12% by the Tax Base in the form of Other Value equivalent to 11/12 (eleven-twelfths) of the selling price.

Therefore, for the delivery of the Taxable Goods, PT E is required to issue a Tax Invoice which includes the following details:

1. Transaction code 07, although the VAT calculation uses the Tax Base in the form of Other Value.
2. Selling price of IDR 24,000,000.
3. Tax Base of IDR 22,000,000 ( $11/12 \times \text{IDR } 24,000,000$ ).
4. Total VAT of IDR 2,640,000 ( $12\% \times \text{IDR } 22,000,000$ ).





## Example 4: The Delivery of Taxable Non-Luxury Goods to a Government Entity

On February 10<sup>th</sup> of 2025, PT G, a Taxable Entrepreneur, delivered Taxable Goods in the form of 10 computer units to the West Java Provincial Government at a price of IDR 12,000,000 per unit, excluding VAT.

Considering that the Taxable Goods are not classified as Luxury Goods subject to VAT under the provisions of tax regulations, the VAT payable on the delivery of the Taxable Goods is calculated by multiplying the rate of 12% by the Tax Base in the form of Other

Value equivalent to 11/12 (eleven-twelfths) of the selling price.

Therefore, for the delivery of the Taxable Goods, PT G is required to issue a Tax Invoice which includes the following details:

1. Transaction code 02, although the VAT calculation uses the Tax Base in the form of Other Value.
2. Selling price of IDR 120,000,000 (IDR 12,000,000 x 10).
3. Tax Base of IDR 110,000,000 (11/12 x IDR 120,000,000).
4. Total VAT of IDR 13,200,000 (12% x IDR 110,000,000)





### Example 5: The Delivery of Taxable Luxury Goods to Buyers with End-Consumer Characteristics

On January 20, 2025, PT M, a Taxable Entrepreneur and motor vehicle dealer, delivered Taxable Goods in the form of a 2,000 cc car with a selling price of IDR 600,000,000 to Mr. N, a buyer with end-consumer characteristics.

The car is classified as Luxury Goods under the tax regulations. For this delivery, PT M is required to issue a Tax Invoice in accordance with the provisions of Article 13 paragraph (5) of the VAT Law, even though the delivery was made to Mr. N, a buyer with end-consumer characteristics.

For this transaction, PT M is not allowed to calculate the VAT payable using a Tax Base in the form of Other Value equivalent to 11/12 of the selling price.

Therefore, for the delivery of the Taxable Goods, PT M is required to issue a Tax Invoice which includes the following details:

1. Transaction code 01.
2. Selling price of IDR 600,000,000.
3. Tax Base of IDR 600,000,000.
4. Total VAT of IDR 72,000,000 (12% x IDR 600,000,000).



**For further insight and discussion into tax matters, please contact our experts:**



**IGA Erna**  
**Tax Partner**  
ierna@bdo.co.id



**Sylviana**  
**Associate Partner (Advisory)**  
sylviana@bdo.co.id

**Jakarta - Head Office**

Prudential Tower 16<sup>th</sup> - 19<sup>th</sup> Floor  
Jl. Jenderal Sudirman, Kav. 79  
South Jakarta - DK Jakarta 12910

**Our Branches**

- ▶ Jakarta
- ▶ Bandung

**Phone** +62-21-5795-7300  
**Fax** +62-21-5795-7301  
**WhatsApp** +62-853-7300-1689

[www.bdo.co.id](http://www.bdo.co.id)

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