

Facilities for business players in IKN: an update <sup>P1</sup>

Exemption of Import Duty on import of seeds and seedlings for the development and expansion of agricultural, livestock, or fishery industries <sup>P1</sup>

## Facilities for business players in IKN: an update

On 6 March 2023, the Government issued Regulation No.GR-12<sup>1</sup> to provide facilities for projects in the National Capital to be named "Nusantara" (*Ibu Kota Negara bernama Nusantara*/"IKN") followed by the Minister of Finance (MoF) Regulation No.PMK-28<sup>2</sup> on 16 May 2024. These facilities were introduced under the IKN Law<sup>3</sup>. Please refer to [TaxFlash No.01/2023](#) and [TaxFlash No.06/2024](#) for more details on GR-12 and PMK-28, respectively.

On 12 August 2024, the Government amended GR-12 by issuing GR-29<sup>4</sup>. Whilst the GR covers many aspects of IKN, this TaxFlash only covers the tax-related changes as follows:

1. The addition of facility on special regional levy (*retribusi*) in addition to facilities on special regional tax and revenue for facilities under the authority of the IKN Authority; and
2. The addition of incentives for housing developments to ease the doing of business, including tax incentives, such as:
  - Tax relief for modest houses (*rumah sederhana*);
  - Exemption on Duty on the Acquisition of Land and Building (L&B) Rights (*Bea Perolehan Hak atas Tanah dan Bangunan*) – also applies to consumers; and
  - L&B Tax relief for a certain period – also applies to consumers.

## Exemption of Import Duty on import of seeds and seedlings for the development and expansion of agricultural, livestock, or fishery industries

On 4 July 2024, the MoF issued Regulation No.PMK-41<sup>5</sup> to stipulate the exemption of Import Duty on the import of seeds (*bibit*) and seedlings (*benih*) for the development and expansion of agricultural, livestock, or fishery industries. PMK-41 revokes MoF Regulation No.PMK-105<sup>6</sup>.

<sup>1</sup> Government Regulation No.12 Year 2023 (GR-12) dated and effective from 6 March 2023

<sup>2</sup> MoF Regulation No.28 Year 2024 (PMK-28) dated and effective from 16 May 2024

<sup>3</sup> Law No.3 Year 2022 on IKN (IKN Law) dated and effective from 15 February 2022

<sup>4</sup> Government Regulation No.29 Year 2024 (GR-29) dated and effective from 12 August 2024

<sup>5</sup> MoF Regulation No.41 Year 2024 (PMK-41) dated 4 July 2024 and effective from 3 August 2024

<sup>6</sup> MoF Regulation No.105/PMK.04/2007 (PMK-105) dated 5 September 2007 and effective from 5 October 2007

The key changes of PMK-41 are as follows:

1. Exemption from Import Duty can be granted for imports of seeds and seedlings from outside the customs area or through Bonded Logistic Centres by business players for the agricultural, livestock or fisheries industries, including in the plantation and forestry sectors; and
2. Exemption from Import Duty may also be granted for the release of seeds and seedlings from Bonded Warehouses, Bonded Zones, Bonded Exhibition Places, Bonded Auction Places, Special Economic Zones, or Free Trade Zones that originate from outside the customs area.

PMK-41 also provides further elaboration on the procedures involved in the application for Import Duty exemption, customs declaration and prohibitions/restrictions, utilisation and reporting, settlement of customs obligations, *force majeure* conditions, as well as monitoring and evaluation.

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