



Preliminary tax refund:
an update ^{P1}

Updates on customs
and tax provisions for
Consigned Goods
("barang kiriman") ^{P2}

Preliminary tax refund: an update

On 27 December 2024, the Minister of Finance ("MoF") issued PMK-119¹ as the third amendment to PMK-39² relating to the procedures for preliminary refund of tax overpayment.

A preliminary tax refund is available for taxpayers, namely Certain Criteria Taxpayers (also known as Golden Taxpayers), Taxpayers with low refund values, and Low-risk Value-Added Tax ("VAT")-able Entrepreneurs. For a discussion of each of these taxpayers, please refer to our [TaxFlash No.05/2018](#), [TaxFlash No.14/2019](#) and [TaxFlash No.04/2022](#).

PMK-119 provides further elaboration on the administrative procedures. We set out below the key changes to the regulation.

a. Certain Criteria Taxpayers

PMK-119 stipulates that prior to granting the preliminary tax refund to Certain Criteria Taxpayers, the Directorate General of Taxes (DGT) will conduct an examination on the fulfilment of activities as the required criteria under Article 9(4b) of the VAT Law (i.e. export activities, delivering VAT-able goods and/or services to a VAT Collector; and/or delivering VAT-able goods and/or services for which VAT is not collected). This is applicable for preliminary tax refund applications submitted for tax periods other than the end of the fiscal year.

b. Certain Criteria taxpayers who are also Low-risk VATable Entrepreneur

PMK-119 stipulates that if a Certain Criteria taxpayer also falls under the category of a Low-risk VATable Entrepreneur (*Pengusaha Kena Pajak Risiko Rendah*), the procedure for the preliminary VAT refund follows the provisions for Low-risk VATable Entrepreneur.

¹ MoF Regulation No.119 Year 2024 ("PMK-119") dated 27 December 2024 and effective from 1 January 2025

² MoF Regulation No.39/PMK.03/2018 ("PMK-39") dated and effective from 12 April 2018 as lastly amended by MoF Regulation No.209/PMK.03/2021 ("PMK-209") dated 30 December 2021 and effective from 1 January 2022

c. Electronic channel for submitting applications

PMK-119 stipulates that all applications related to preliminary tax refunds are made electronically through the taxpayer portal as part of the implementation of the core tax administration system (“Core Tax” system). If the taxpayer is unable to submit the application through Core Tax, the submission can be made directly via post, expedition or courier service.

d. Transitional provisions

PMK-119 stipulates that the procedure for applications on preliminary tax refunds related to the Fiscal Year or period up to 2024 will be processed according to the provisions stipulated in the previous PMKs.

Updates on customs and tax provisions for Consigned Goods (“*barang kiriman*”)

On 3 February 2025, the MoF issued PMK-4³ as second amendment to PMK-96⁴ to update the customs and tax provisions for Consigned Goods (“*barang kiriman*”). Please refer to [TaxFlash No.11/2023](#) for more details on PMK-96.

Whilst this TaxFlash is not intended to cover every change brought about by PMK-4, we highlight below the noteworthy elaborations as follows:

1. Consigned Goods eligible for Import Duty and Import Taxes facilities

PMK-96 has previously stipulated that Import Duty and Import Taxes facilities can be granted on goods imported for use which are notified with a Consignment Note (“CN”) with a customs value of:

- a. Free on Board (“FOB”) of up to USD 3; and
- b. FOB of more than USD 3 up to USD 1,500.

A. Addition of Consigned Goods categories that are eligible for Import Duty and Import Taxes facilities

On top of the existing eligible goods, PMK-4 now adds the following categories that may be eligible for Import Duty and Import Taxes facilities:

1. Consigned Goods sent by hajj pilgrims; and
2. Consigned Goods sent as prizes for competitions/award purposes.

Facilities on the new categories

The facilities for the Consigned Goods fulfilling the eligibility requirements are as follows:

- Import Duty exemption;
- VAT/Luxury-goods Sales Tax (“LST”) and Income Tax not collected or withheld – for goods granted with Import Duty exemption.

The exemption from the Income Tax withholding is carried out without a Tax Exemption Letter (*Surat Keterangan Bebas*).

Failure to fulfil the eligibility requirements will result in the imposition of 7.5% Import Duty and normal VAT/LST.

³ MoF Regulation No.4 Year 2025 (“PMK-4”) dated 3 February 2025 and effective from 5 March 2025

⁴ MoF Regulation No.96 Year 2023 (“PMK-96”) dated 18 September 2023 and effective from 17 November 2023 as amended by MoF Regulation No.111 Year 2023 (“PMK-111”) dated 16 October 2023 and effective from 17 October 2023

Eligibility

1. Consigned Goods sent by hajj pilgrims

The eligibility requirements under this category are as follows:

- a) sent by hajj pilgrims during the relevant hajj season;
- b) CN is submitted after the departure date of the first flight group and no later than 30 days after the return date of the last flight group of the relevant hajj season;
- c) packaging dimension of maximum 60x60x80 centimetres;
- d) maximum one package per shipment;
- e) maximum two shipments during the hajj season; and
- f) maximum customs value of FOB USD 1,500 per shipment.

2. Consigned Goods sent as prizes for competitions/award purposes

The eligibility requirements under this category are as follows:

- a) the good is a prize from an international competition/award which includes but not limited to sports, science, arts, culture, and religion;
- b) the sender/recipient of goods is an Indonesian citizen who receives the prize;
- c) supported by documents validating the competition/award participation from ministries/agencies/institutions in Indonesia, foreign organisers, and/or mass media;
- d) is not motor vehicles, excise goods, and/or prizes from lotteries/gambling; and
- e) maximum one medal/trophy and/or one item of other prizes per category of competition/award.

B. Updated provisions for eligible imported goods with a customs value of FOB of more than USD 3 up to USD 1,500

PMK-96 previously stipulated that goods under this category are subject to 7.5% Import Duty, except for certain goods (such as books, cosmetics, bicycles, etc.) that are subject to Import Duty and Taxes under Most Favoured Nation treatment and cannot enjoy the Income Tax exemption facilities. PMK-4 now stipulates that the goods under this exception category are subject to Import Duty rate of 0%, 15%, or 25%, depending on the commodities and only the ones subject to 15% and 25% are subject to 5% Income Tax.

In addition, PMK-4 adds exemption facility from the imposition of antidumping duties, safeguard duties, retaliatory duties, and/or countervailing duties for the goods under this category.

2. Re-import of exported Consigned Goods

PMK-4 also provide Import Duty exemption facility on re-import of exported Consigned Goods originating from the Customs Area for goods that:

- a) are not sold;
- b) do not fulfil the purchase contract;
- c) do not meet quality standards;
- d) do not meet import requirements in the destination country of export; or
- e) have other reasons.

3. Transitional provisions

- For CN that has been submitted but has yet to be given a registration date – follows the provisions in PMK-4.
- For CN that has been submitted and has been given a registration date prior to 5 March 2025 – follows the provisions in PMK-96.

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