

# SALES TAX ON MOTOR VEHICLES DEEMED LUXURY GOODS

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The Government has issued a specific regulation on sales tax on luxury goods for motor vehicles, ie Government Regulation No. 41 of 2003 on Taxable Goods classified as Luxury Goods in the form of Motor Vehicles on which Sales Tax on Luxury Goods (PPnBM) is imposed. The Regulation provides a range of PPnBM tariffs from 10% to 75% for motor vehicles with certain specifications, while the Tax Collection Basis (Dasar Pengenaan Pajak) is calculated from the Sales Price (excluding VAT and any discount) multiplied by 75%, 50% or 0%, subject to the motor vehicle's specifications. Several motor vehicles are exempt from this tax, such as motor vehicles used for the public interest (ambulances, fire engines, public transport, etc), those used for state protocol, or by the Indonesian National Armed Forces and National Police. However, if within 5 years of the purchase date, an exempted motor vehicle is not used as intended, the owner must pay the PPnBM within one month of the change of use and may be fined for late payment of the PPnBM. A Minister of Finance Regulation will further specify the types of motor vehicles which are subject to PPnBM and the procedure for applying for a PPnBM exemption.