



VAT Centralization Implementation

On 25 June 2020, the Directorate General of Tax issued PER-11/PJ/2020 regarding Determination of One Location or More as VAT Centralization Location. Effective since 1 July 2020, this regulation revokes the DGT Regulation PER-19/PJ/2010 and updates some of the prevailing VAT Centralization regulations.

Below are the summary of the regulation:

- VATable Entrepreneur having more than 1 (one) business locations where VAT is payable may opt to apply for VAT Centralization in which they fulfill their VAT administration and reporting on 1 (one) business location instead of multiple locations.
- This regulation listed new locations in which VAT Centralization is not applicable. Below is the side-by-side comparison

	New PER/11/PJ/2020	Old PER-19/PJ/2010
a	Bonded Stockpiling Location including Bonded Zone	Bonded Zone
b	Special Economic Zone	Special Economic Zone
c	Location with Import Facility for Export Purposes (KITE)	Location with Import Facility for Export Purposes (KITE)
d	Free Trade Zone	N/A
e	Other Zones having Tax Facilities	N/A
f	Locations for Business Activities of Land and/or Building Sales	N/A

In addition to the above, locations that have no actual business activities or does not carry out any sales and financial administration is also excluded from applicable VAT Centralization location.

- **Expiry Date on the VAT Centralization Certificate**
 Prior the issuance of this regulation, VAT Centralization Certificate is only valid for 5 (five) years. Upon expiration the VATable Entrepreneur is required to apply for an extension, failure to apply for an extension will revokes the VAT Centralization status. This regulation no longer provides any stipulation regarding the validity period of VAT Centralization Certificate. Therefore, we can deduce that henceforth, any VAT Centralization Certificate issued under this regulation will apply indefinitely unless there are changes or revocation on the certificate. Refer to the attachment that provides the template for the new VAT Centralization Certificate, there is no longer any line that states the expiry date of the certificate.
- VATable Entrepreneur already obtaining valid VAT Centralization Certificate under the old regulation, may obtain new approval and benefit from the indefinite validity by submitting a re-notification (*Pemberitahuan Kembali*) to the DGT by 31 December 2020.

- The regulation also provides guidelines for VATable Entrepreneur in different circumstances as summarized below:
 - a. VATable Entrepreneur with VAT Centralization Certificate that has yet to expire
 - If the VATable Entrepreneur submits the re-notification by 31 December 2020, the DGT will issue a new Certificate that will be applicable retroactively starting from the date of the current Certificate.
 - If the VATable Entrepreneur does not submit a re-notification by 31 December 2020, the existing Certificate is valid only until its expiry date
 - b. VATable Entrepreneur with VAT Centralization Certificate that expired (or will expire) during the Covid-19 Pandemic Period receiving automatic extension under MoF Regulation PMK-29/PMK.03/2020
 - If the VATable Entrepreneur submits the re-notification by 31 December 2020, the DGT will issue a new Certificate that will be applicable retroactively starting from the period of expiration on the current Certificate.
 - If the VATable Entrepreneur does not submit a re-notification by 31 December 2020, the existing Certificate is valid for 5 (five) years from the period of expiration on the current Certificate.
 - c. VATable Entrepreneur with VAT Centralization Certificate that expired in January and February 2020
 - If the VATable Entrepreneur submits the re-notification by 31 December 2020, the DGT will issue a new Certificate that will be applicable retroactively starting from the period of expiration of the current Certificate.
 - If the VATable Entrepreneur does not submit a re-notification by 31 December 2020, the existing Certificate is valid only until its expiry date
- Any administrative application by VATable Entrepreneur in relation with the VAT Centralization must be submitted through electronic channel to the Head of Regional Tax Office in the intended VAT Centralization location with a copy addressed to the Head of the Local Tax Office in which each of the VAT locations to be centralized are registered. Should the electronic channels are not yet available, the written application can be submitted manually.
- Any application of VAT Centralization that has yet to be issued a Certificate based on the old regulation, will be processed under PER/11/PJ/2020.

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