



Other Value as VAT Imposition Base for Certain Agricultural Products

On 27 July 2020, the Minister of Finance issued Regulation No. PMK-89/PMK.010/2020 regarding “Other Value” as Value Added Tax Imposition Base for Certain Agricultural Products. The summary of the regulation is shown below:

- Delivery of certain agricultural products as listed in Attachment A of the regulation is subject to imposition of VAT
- Taxable Entrepreneur have an option to use 10% of the value of the products as the VAT Imposition Base therefore applying 1% effective VAT Rate instead of the usual 10% VAT Rate.
- Should the Taxable Entrepreneur choose to apply the 1% effective VAT Rate, the Taxable Entrepreneur is no longer permitted to claim Input VAT in relation to the delivery of the certain agricultural products.
- Certain agricultural products sold with the “Other Value” to industrial entity that carries out processing of agricultural, plantation or forestry products, will trigger the automatic appointment as “VAT Collector” to the buyer. The buyer is obliged to collect the VAT from the seller.
- To apply for this measure, Taxable Entrepreneur is required to submit a notification to their registered Tax Office. The notification should be submitted prior the 1st period of the fiscal year for which the “Other Value” with the 1% effective VAT Rate is applied.
- The Taxable Entrepreneur may revert to the regular VAT Base with 10% effective VAT Rate by submitting a notification to their registered Tax Office after completing a full fiscal year under the “Other Value” measure. Should this apply, the Taxable Entrepreneur is no longer allowed to apply for “Other Value” in the future.



SDS TAX ALERT

July 2020 / No. 2

PT Solusi Dwi Satya (SDS Consulting)

Menara Anugrah 23rd Floor, Kantor Taman E3.3,
Jl. DR Ide Anak Agung Gde Agung Lot 8.6-8.7
Kawasan Mega Kuningan, Jakarta Selatan 12950.
Phone: (021) 57948845/46, 57941842

Your SDS Consulting Contacts:

Sindian Budi Siswojo

sindian.budi@sdsconsulting.co.id


Marcelia Maureen Dewi

maureen.dewi@sdsconsulting.co.id

Pritanaya Winasis

pritanaya.winasis@sdsconsulting.co.id

www.sdsconsulting.co.id

 [@sdsconsulting.co.id](https://www.instagram.com/sdsconsulting.co.id)

Disclaimer: The content in this Tax Alert is general information for our teams and selected clients. There is no warranty given related with the correctness of the information contained and no liability is accepted for any misstatement or error. The Tax Alert cannot be used as a substitute for consultation with professional advisors.