

Criterion of Religious Services not subject to VAT

On 23 July 2020, the Ministry of Finance issued Regulation No PMK-92/PMK.03/2020 regarding Criterion of Religious Services Not Subject to VAT. Effective since 22 August 2020, the regulation provides the implementation basis on the VAT exclusion on religious services as summarized below:

- **Certain religious services not subject to VAT are as follows:**
 - a. houses of worship services;
 - b. sermons or preaching services;
 - c. religious activities organizer services; and
 - d. other services in a religious field.

- **Other services in a religious field includes:**
 1. Pilgrimage travel service provided by government
 - a. Regular Haj Pilgrimage
 - b. Umrah Pilgrimage
 2. Pilgrimage travel service provided by travel bureau
 - a. Pilgrimage service to Jerusalem and/or Sinai for Christian pilgrims
 - b. Pilgrimage service to Vatican and/or Lourdes for Catholic pilgrims
 - c. Pilgrimage service to Uttar Pradesh and/or Haryana for Hindu pilgrims
 - d. Pilgrimage service to Bodh Gaya and/or Bangkok for Budha pilgrims
 - e. Pilgrimage service to Qufu for Confucianist pilgrims

- **If the pilgrimage includes non-eligible destinations (other than transit purpose), the non-eligible portion of the service is subject to 10% VAT with the following VAT Base calculation:**
 - a. 10% of Invoice Value (effective rate 1% VAT) if the invoice can be split between portion of eligible destinations and non-eligible destinations.
 - b. 5% of Invoice Value (effective rate 0,5% VAT) if the invoice cannot be split between portion of eligible destinations and non-eligible destinations.

- **Travel bureau is not allowed to claim Input VAT in relation to the delivery of the service above.**

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