REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA
NUMBER 66/PMK.03/2022

ABOUT

VALUE ADDED TAX ON DELIVERY OF SUBSIDIED FERTILIZER FOR THE AGRICULTURAL SECTOR

BY THE GRACE OF ALMIGHTY GOD
MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

Weigh

a. that in order to guarantee a sense of justice and provide legal certainty in the implementation of rights and fulfillment of tax obligations of taxable entrepreneurs who deliver subsidized fertilizers for the agricultural sector, it is necessary to make adjustments to the provisions on other values as the basis for imposition of taxes on the delivery of subsidized fertilizers for the agricultural sector;

b. that the Regulation of the Minister of Finance Number 62/PMK.03/2015 concerning Other Values as the Basis for Tax Imposition and Other Times of Making Tax Invoices on the Delivery of Certain Fertilizers for the Agricultural Sector has not been able to accommodate the adjustment of tax provisions so that it needs to be replaced;

c. that based on the considerations as referred to in letters a and b, as well as to implement the provisions of Article 16G letter a of Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended several times, the latest by Law Number 7 of 2021 concerning Harmonization of Tax Regulations, it is necessary to stipulate a Regulation of the Minister of Finance concerning Value Added Tax on Subsidized Fertilizer Submission for the Agricultural Sector.

Remember

1. Article 17 paragraph (3) of the 1945 Constitution of the Republic of Indonesia; 2. Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods (State Gazette of the Republic of Indonesia of 1983 Number 51, Supplement to the State Gazette of the Republic of Indonesia Number 3264) as amended several times, the latest by Law Number 7 2021 concerning Harmonization of Tax Regulations (State Gazette of the Republic of Indonesia Year 2021 Number 246, Supplement to the State Gazette of the Republic of Indonesia Number 6736);

3. Law Number 39 of 2008 concerning State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916); 4. Presidential Regulation Number 57 of 2020 concerning the Ministry of Finance (State Gazette of the Republic of Indonesia of 2020 Number 98);

5. Regulation of the Minister of Finance Number 118/PMK.01/2021 concerning the Organization and Work Procedure of the Ministry of Finance (State Gazette of the Republic of Indonesia of 2021 Number 1031).

DECIDE:

Set

REGULATION OF THE MINISTER OF FINANCE CONCERNING VALUE ADDED TAX ON DELIVERY OF SUBSIDED FERTILIZER FOR THE AGRICULTURAL SECTOR.

article 1

In this Ministerial Regulation, what is meant by:

1. Value Added Tax Law is Law Number 8 of 1983 concerning Value Added Tax of Goods and Services and Sales Tax on Luxury Goods and its amendments.

2. Value Added Tax is Value Added Tax as referred to in the Value Added Tax Law. 3. Subsidized fertilizers are goods under supervision whose procurement and distribution receive subsidies from the government for the needs of farmers in the agricultural sector, in accordance with the provisions of legislation in the agricultural sector.

4. Tax Imposition Basis is the total selling price, replacement, import value, export value, or other value used as the basis for calculating the tax payable.

5. Other Value is the value in the form of money which is determined as the Tax Imposition Basis. 6. Taxable Goods are goods that are subject to tax under the Value Added Tax Law. 7. Taxable Services are services that are taxed under the Value Added Tax Law. 8. Tax Invoice is proof of tax levy made by a taxable entrepreneur who delivers Taxable Goods or delivers Taxable Services.

9. Taxable Entrepreneurs are entrepreneurs who deliver Taxable Goods and/or delivery of Taxable Services which are subject to tax based on the Law on Value Added Tax.

10. Budget User Authority, hereinafter abbreviated as KPA, is an official who has the authority and responsibility from the budget user to use the budget authorized to him.

11. Minister is the minister who carries out government affairs in the field of state finance.

Section 2

(1) The delivery of Subsidized Fertilizer by a Taxable Entrepreneur is subject to Value Added Tax. (2) The Value Added Tax on the delivery of Subsidized Fertilizer as referred to in paragraph (1) applies the following provisions:

a. on the part of the price that is subsidized, Value Added Tax is paid by the Government; and b. on the part of the price that is not subsidized, Value Added Tax is paid by the buyer.

Article 3

The delivery of Subsidized Fertilizer whose part of the price is subsidized as referred to in Article 2 paragraph (2) letter a is the delivery of Subsidized Fertilizer to the government which is paid through Subsidized Fertilizer subsidy in accordance with the provisions of the legislation, which consists of price subsidies and Value Added Tax.

Article 4

(1) Value Added Tax payable on the delivery of Subsidized Fertilizer as referred to in Article 2 paragraph (2) is calculated by multiplying the rate of Value Added Tax with the Tax Base. (2) Tax Imposition Basis for calculating the Value Added Tax payable on the delivery of Subsidized Fertilizer as referred to in paragraph (1) uses Other Values.

(3) Other Values as referred to in paragraph (2) of the share of the price of Subsidized Fertilizer receiving subsidies as referred to in Article 2 paragraph (2) letter a shall be calculated with the formula of:

$$\frac{100}{(100 + t)} \text{ x Jumlah pembayaran subsidi termasuk Pajak Pertambahan Nilai}$$

provided that t is a number at the applicable Value Added Tax rate.

(4) Other Values as referred to in paragraph (1) for the part of the price of Subsidized Fertilizer that do not receive subsidies as referred to in Article 2 paragraph (2) letter b shall be calculated with the formula of:

$$\frac{100}{(100 + t)} \text{ x harga eceran tertinggi}$$

provided that t is a number at the applicable Value Added Tax rate.

(5) The highest retail price as referred to in paragraph (4) is the price of Subsidized Fertilizer regulated by the minister who carries out government affairs in the agricultural sector.

(6) The highest retail price of Subsidized Fertilizer as referred to in paragraph (5) is intended to be purchased by farmers or farmer groups in cash in certain packages at line IV distributors in accordance with the provisions of the legislation in the trade sector.

Article 5

(1) The applicable Value Added Tax rates as referred to in Article 4 paragraph (3) and paragraph (4) are:

a. 11% (eleven percent) which will take effect on April 1, 2022; and

b. of 12% (twelve percent) which comes into force at the time the Value Added Tax rate is applied as regulated in Article 7 paragraph (1) letter b of the Value Added Tax Law. (2) Provisions regarding the sample calculation of Value Added Tax payable on the delivery of Subsidized Fertilizer as referred to in Article 2 paragraph (1) are listed in the Attachment which is an integral part of this Ministerial Regulation.

Article 6

(1) Value Added Tax payable as referred to in Article 2 paragraph (1) is made a Tax Invoice when: a. producers submit requests for payment of subsidized fertilizer subsidies to KPA; and b. producers submit Subsidized Fertilizers to distributors, or at the time of payment in the event that payment is made prior to delivery.

(2) The Tax Invoice as referred to in paragraph (1) is made in accordance with the provisions of the legislation in the field of taxation.

(3) Provisions regarding instructions for filling out a Tax Invoice on the delivery of Subsidized Fertilizer whose part of the price is subsidized as referred to in Article 2 paragraph (2) letter a are listed in the Attachment which is an integral part of this Ministerial Regulation.

Article 7

(1) Value Added Tax on the delivery of Subsidized Fertilizer as referred to in Article 2 paragraph (1) is collected 1 (one) time by the producer at the time of delivery of Subsidized Fertilizer to the distributor.

(2) On the delivery of Subsidized Fertilizer that has been collected Value Added Tax by producers as referred to in paragraph (1) from distributors to retailers or from retailers to farmer groups and/or farmers, distributors or retailers do not collect and deposit Value Added Tax.

(3) Producers, distributors, retailers, farmer groups, and/or farmers as referred to in paragraph (2) are producers, distributors, retailers, farmer groups, and/or farmers in accordance with the provisions of the laws and regulations governing the procurement and distribution of subsidized fertilizers for agricultural sector.

(4) The distributors and retailers as referred to in paragraph (2) who in their business only deliver Subsidized Fertilizers, do not need to be confirmed as Taxable Entrepreneurs.

(5) In the case of distributors or retailers:

a. in addition to submitting Subsidized Fertilizers as referred to in Article 2 paragraph (1) also submitting other Taxable Goods and/or Taxable Services; and

b. have the amount of Subsidized Fertilizer delivery as referred to in Article 2 paragraph (1) and delivery of other Taxable Goods and/or Taxable Services that exceeds the limit of small entrepreneurs in accordance with the provisions of the laws and regulations governing the limitation of small entrepreneurs and implementation of the inauguration of the Taxable Entrepreneurs for Value Added Tax,

distributors or retailers are required to report their business to be confirmed as a Taxable Entrepreneur, and collect, deposit, and report the Value Added Tax payable on the delivery of other Taxable Goods and/or Taxable Services.

(6) The distributor or retailer as referred to in paragraph (5) in addition to being obligated to report the delivery of other Taxable Goods and/or Taxable Services is also required to report the delivery of Subsidized Fertilizer as referred to in Article 2 paragraph (1) in the notification letter of the period of Value Added Tax in the delivery column not payable Value Added Tax.

Article 8

(1) Input Tax on the acquisition of Taxable Goods and/or Taxable Services, import of Taxable Goods, as well as utilization of intangible Taxable Goods and/or utilization of Taxable Services from outside the customs area within the customs area in connection with the delivery of Subsidized Fertilizer by producers , can be credited as long as it complies with the provisions of crediting Input Tax in accordance with the provisions of the legislation in the field of taxation.

(2) Input Tax on the acquisition of Taxable Goods and/or Taxable Services, import of Taxable Goods, as well as utilization of Intangible Taxable Goods and/or utilization of Taxable Services from outside the customs area within the customs area in connection with the delivery of Subsidized Fertilizer made by distributors and retailers cannot be credited.

Article 9

At the time this Ministerial Regulation comes into force, Regulation of the Minister of Finance Number 62/PMK.03/2015 concerning Other Values as the Basis for Tax Imposition and Other Times of Making Tax Invoices on the Delivery of Certain Fertilizers for the Agricultural Sector (State Gazette of the Republic of Indonesia Year 2015 Number 452), revoked and declared invalid.

Article 10

This Ministerial Regulation comes into force on April 1, 2022.

For public cognizance, ordering the promulgation of this Ministerial Regulation by placing it in the State Gazette of the Republic of Indonesia.

Set in Jakarta
on March 30, 2022
MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,
ttd.
Sri Mulyani Indrawati

Promulgated in Jakarta
on March 30, 2022
DIRECTOR GENERAL OF LAW REGULATION
MINISTRY OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,
ttd.
BENNY RIYANTO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2022 NUMBER 366