



Fiscal Policy Agency
Ministry of Finance



Taxation Policy to Support Automotive Industry

14th GAIKINDO International
Automotive Conference

24 July 2019

Industrial Contribution to the GDP and Export of Motor Vehicles



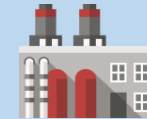
- The contribution of the vehicle industry to GDP is still relatively low
- Vehicle sales are relatively in line with economic growth
- There is opportunity to increase export

Contribution of Industry in 2018 GDP



19.86%

Manufacturing industry



17.63%

Non-oil and gas manufacturing industry

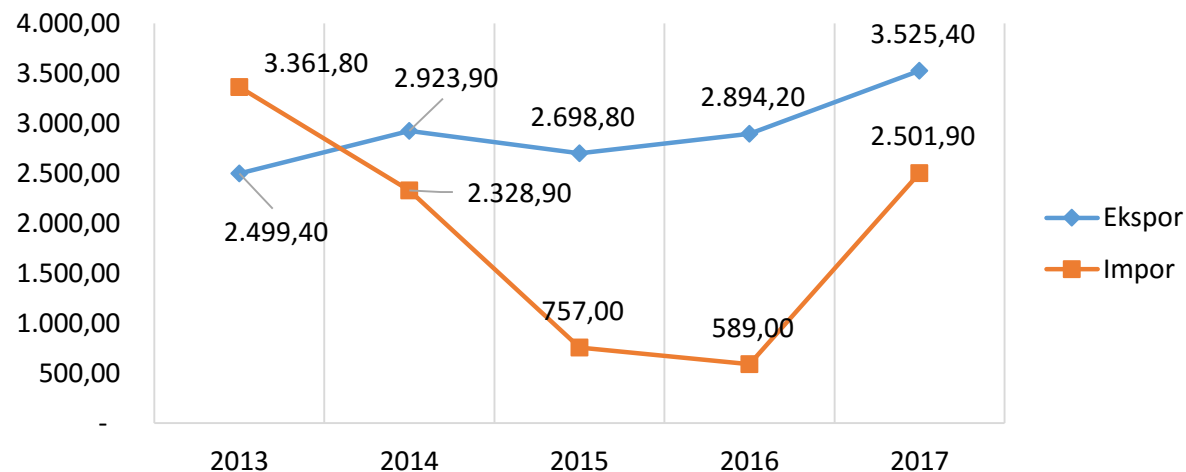


1.76%

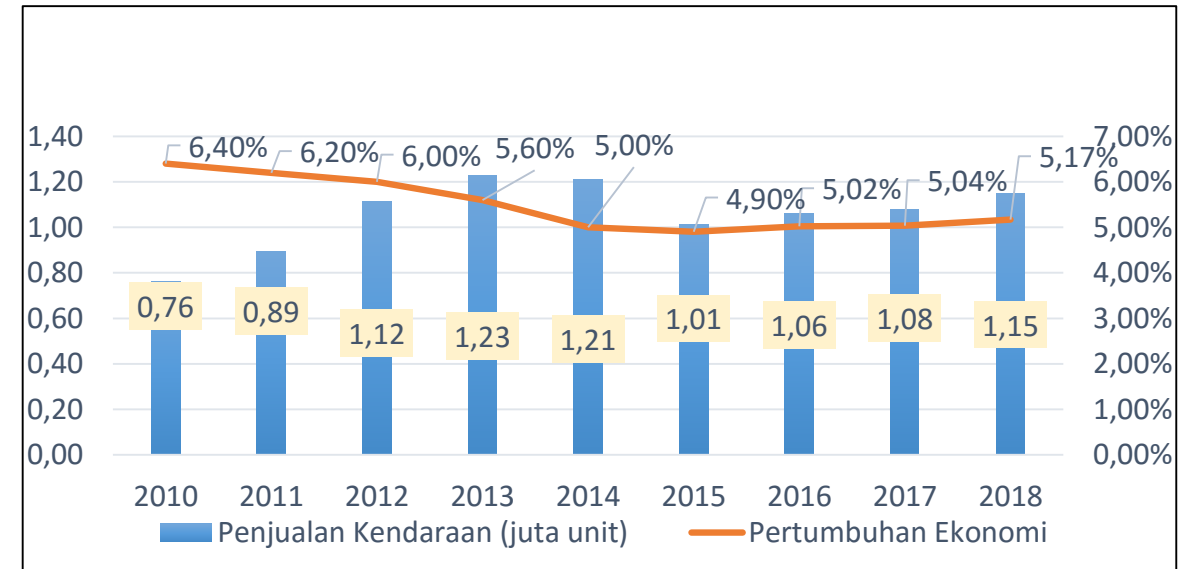
Vehicle industry
(Rp260,9 trillion)

Source: Statistic Indonesia

4 Wheeled Vehicle Import Export (million USD)



Source: Statistic Indonesia





Taxation Policy to Support the Automotive Sector

- Changes in the luxury tax on motor vehicle's scheme
- Fiscal incentives for battery electric vehicle industry
- Import duty rates
- Import duty borne by the government
- Tax holiday

Changes in luxury tax on motor vehicle's scheme



Existing



Proposed Changes

Imposition Base	Engine Capacity	fuel consumption, CO2 emission level
Engine Capacity Grouping	Diesel 3 groups (≤ 1500 , 1500-2500, >2500 cc) Gasoline 4 groups (≤ 1500 , 1500-2500, 2500- 3000, >3000 cc)	3 groups (≤ 3000 , 3000-4000 dan > 4000 cc)
Vehicle Type Grouping	Sedan, Non-Sedan	Does not distinguish between sedans and non-sedans
Imposition Principle	The bigger the engine capacity the higher the tax rate	The lower the emissions, the lower the tax rate
Incentives	LCGC	LCGC, Hybrid EV, Plug in HEV, Flexy Engine, Electric Vehicle

Fiscal incentives for battery electric vehicle industry



01



Insentif **Bea Masuk** atas importasi KBL berbasis baterai dalam keadaan IKD, CKD, atau komponen utama untuk jumlah dan jangka waktu tertentu

02



Insentif **Pajak Penjualan Atas Barang Mewah**

03



Insentif Pembebasan/ pengurangan **pajak pusat dan daerah**

04



Insentif **bea masuk** dalam rangka **penanaman modal**

05



Penangguhan bea masuk dalam rangka ekspor

06



Insentif **BM DTP**

07



Insentif Pembuatan Peralatan **SPKLU**

08



Insentif **Pembiayaan ekspor**

09



Insentif fiskal untuk kegiatan **litbang, inovasi teknologi, serta vokasi**

10



Tarif Parkir di lokasi-lokasi tertentu yg ditentukan oleh Pemda

11



Keringanan **biaya pengisian listrik** di **SPKLU**

12



Dukungan Pembiayaan pembangunan infrastruktur **SPKLU**

13



Sertifikasi Kompetensi

14



Sertifikasi produk dan/atau standar teknis

STRUCTURE OF TARIFF AND IMPORT DUTY POLICY



Concept of Reducing IKD Import Duty :

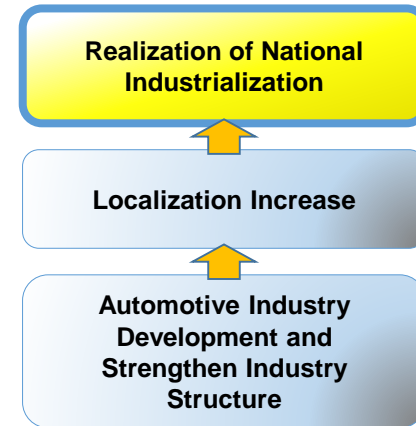
- Incomplete knock-down (IKD) scheme is a level up of the CBU & CKD scheme and it is expected that domestic added value will be greater than the CBU and CKD schemes
- Through the reduction of import duty rates, vehicles are expected to be more affordable. In the future with an increasing volume in the market, industry can reach economies of scale towards the Part by Part scheme for certain component (small amount of component)
(This has been done in the Bus and Truck segment > 5 tons)

Industry Level		Industrialization			
Import Scheme		CBU	CKD	IKD	PxP (*)
			Breakdown Component (CKD List)	Breakdown Component (IKD List) Local Part	Local Part
Import Duty	Passanger Car	50% ATIGA = 0%	10%	7.5%	Prop : 0%
	Commercial Vehicle	(10-50)% ATIGA = 0%	(5-10)%	0%	Candidate Brand
Player / Brand	Passanger Car (<10 passanger)	General Importer	—	—	
	Commercial Vehicle (GVW>5T)		—		—

Noted :

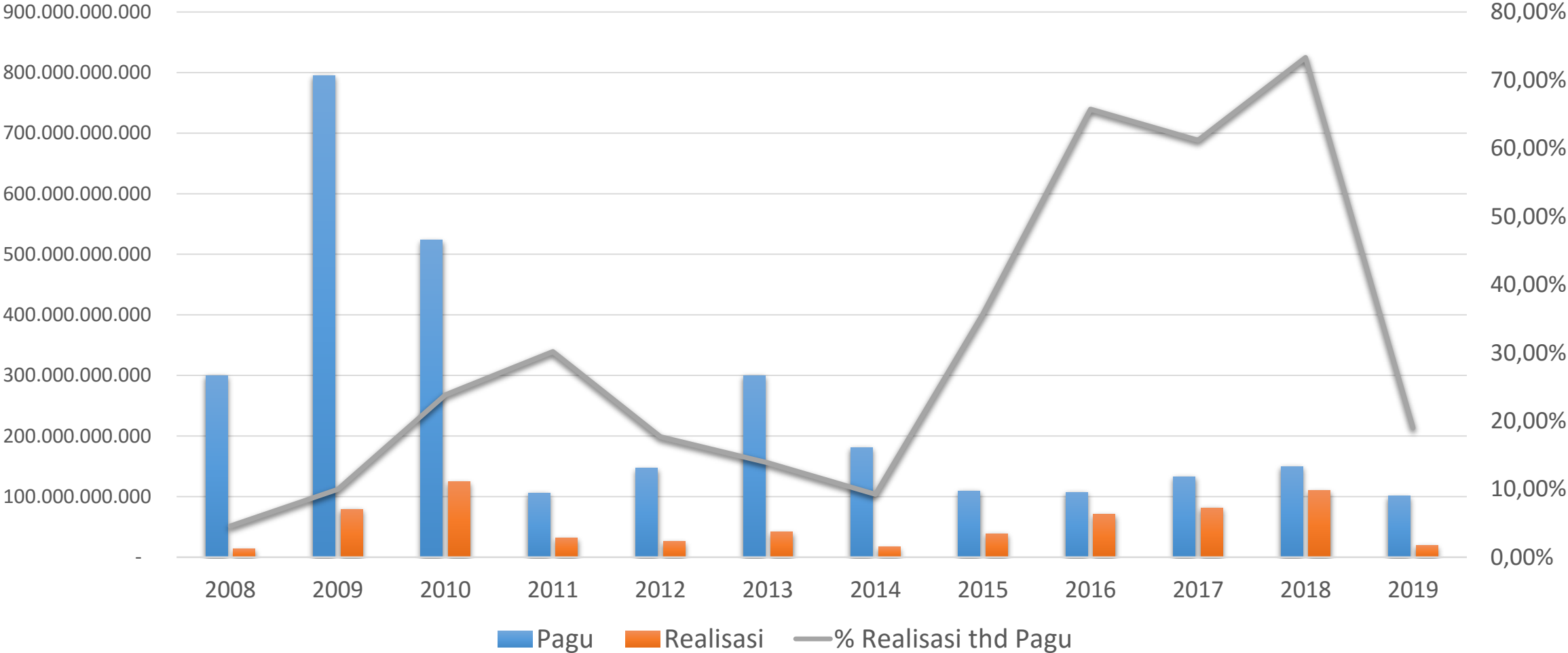
(*). Import PxP bisa dipakai oleh industri yg tidak bisa memenuhi ketentuan CKD, IKD meskipun local partnya belum banyak.

Import duty for CBU from ASEAN countries using ATIGA is 0% while import duty of IKD is 7.5%
This scheme does not encourage industry to increase their investment in Indonesia



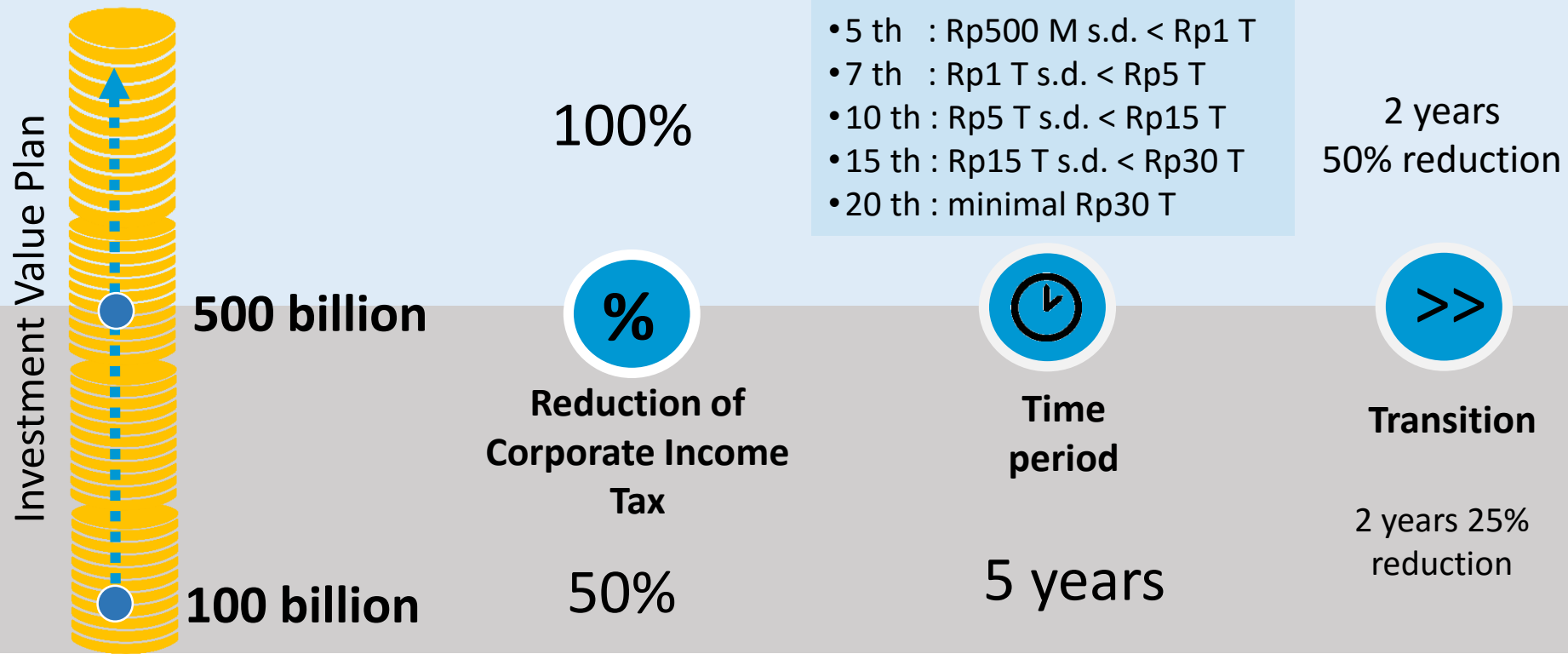
IF THE HARMONIZATION POLICY IS EXTENDED IN 2019 * MINISTRY OF INDUSTRY PROJECTED AN INCREASING OF INVESTMENT IN THE 2020 - 2023 IN AUTOMOTIVE INDUSTRY BY ± 1 BILLION USD, (THIS FIGURE DOES NOT INCLUDE INVESTMENT IN AUTO PARTS)

Import Duty borne by Government - Motor Vehicle Component Industry



Tax Holiday Facilities

Minister of Finance Decree 150/2018



- 5 th : Rp500 M s.d. < Rp1 T
- 7 th : Rp1 T s.d. < Rp5 T
- 10 th : Rp5 T s.d. < Rp15 T
- 15 th : Rp15 T s.d. < Rp30 T
- 20 th : minimal Rp30 T

The old regime
before 2018

>>

Investment value
of at least 1 trillion

>>

10-100%

>>

5-15 years

>>

none

Which industry can get Tax Holiday?



pioneer industry

new investment

minimum investment plan of 100 billion



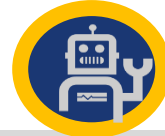
manufacturing of
irradiation, electromedical
or electrotherapy
equipment



Manufacturing of major
components of electronic or
telematics equipment



industrial machinery
manufacture and its main
components



manufacturing of robotic
components that support
machinery manufacturing



manufacturing of robotic
components that support
manufacturing of
machinery industries



**Manufacturing of
motor vehicles and
major components of
motor vehicles**



upstream metal industry:
steel / non-steel, without
or with integrated
derivatives



refining or refining
industries of oil and gas
without or with
integrated derivatives



petroleum based
petrochemical industry,
natural gas or coal
without or with
integrated derivatives



manufacturing of
main components of
ships



manufacturing of main
train components



manufacturing of main
components of aircraft
and aerospace industry
supporting activities



basic organic chemical
industries sourced from
agricultural, plantation or
forestry products without or
with integrated derivatives



inorganic basic
chemical industry
without or with
integrated derivatives



the main
pharmaceutical raw
material industry
without or with
integrated derivatives



agricultural, plantation or
forestry-based processing
industries that produce pulp
without or with their
derivatives



economic
infrastructure



digital economy that includes
data processing, hosting, and
related activities

The details of the business sectors included in the scope of the Pioneer Industry are regulated in BKPM Regulation Number 1 of 2019

Thank you!



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