

taxBlitz

Tax & Customs Update

PLB Scope Is Expanded, PE Status Is Reaffirmed

The Government affirms tax regulations as well as expands the scope of Bonded Logistics Centre (PLB). Consisting of 8 (eight) forms of PLBs are introduced for the second stage, in which developments are adjusted to the characteristics of priority industries.

PLB is a bonded storage for goods from outside customs area and/or goods from other places inside customs area, may be accompanied by 1 (one) or more simple activity (non-manufacturing) within a period of 3 (three) years at maximum.

To support the storage activity, the Government gives fiscal incentive for PLB users in the form of deferment of customs duty, exemption from import tax (Value Added Tax/VAT and Income Tax on import), exemption from VAT on incoming goods from domestic.

Through Minister of Finance (MoF) Regulation Number 28/PMK.04/2018 on Amendment to MoF Regulation Number 272/PMK.04/2015 on Bonded Logistics Centre, the Government details the forms of PLB second generation as follows:

- Large Industry PLB
- Small Industry PLB
- Hub Air Cargo PLB
- E-Commerce PLB
- Finished Goods PLB
- Basic Materials PLB
- Floating Storage PLB
- Commodity Exchange PLB

Even though the forms of PLB vary, the policy affirms that in one location of PLB there will be only one form of PLB allowed.

The e-commerce PLB is a breakthrough made by the Government to develop an electronic-based commercial transaction (e-commerce) industry. It is because all goods stored should be sold using an electronic platform provided by PLB companies and companies who also acts as PLB operators (PDPLB), or other parties.

Meanwhile, the finished goods PLB, pursuant to the new regulation, can only store goods in the form of beverages containing ethyl alcohol (MMEA), or any other finished goods recommended by related institution. The storage of MMEA goods should comply with the laws and regulations on excise.

Another breakthrough is commodity exchange PLB, specifically established for supporting domestic export commodity. Hitherto, domestic export commodity is always delivered or transited to Singapore to be traded in the commodity exchange there. With the establishment of commodity exchange PLB, the Government also boosts the development of the futures exchange of commodities in Indonesia. The futures exchange of commodities should be conducted through MOU and approval from PLB company or PDPLB as well as accessible by DJBC.

Tax Regulation Is Clarified

Other than the expansion of PLB development scope, the Government also clarifies the completeness requirements that should be met by PLB operator or company as well as affirms the taxation status in PLB. Those two things are necessary to be clarified to give the certainty for the stakeholders in PLB, considering that the foregoing frequently causes problems for operators, companies, and suppliers in PLB.

Regarding the tax regulation, there are two things clarified in this new MoF Regulation. *First*, related to affirmation of status as Permanent Establishment (PE) for companies in PLB. For PLB storing goods from suppliers outside customs area or overseas, the taxation regulation should be in accordance with the Double Taxation Avoidance Agreement (DTAA) or Tax Treaty between the country of origin of the supplier and Indonesia. However, for suppliers whose country of origin does not have a Tax Treaty with Indonesia, the tax regulation will refer to the prevailing Income Tax Laws.

Second, in terms of issuance of Exemption Certificate (SKB) upon certain goods entering into PLB and receiving taxation facilities. Starting from now, the requirements to obtain SKB are relatively simpler.

In the past, to obtain SKB, Bill of Lading (BL) or Airway Bill documents are required, yet now it only needs document of customs declaration for imported goods to be stored in PLB.

Non-BUMN and Non-Listed

The expansion of PLB types is also actually followed by the simplification of requirements that should be met by party who wants to be PLB operator, company or both (PDPLB).

In the preceding provision, only State-Owned Enterprises (SOEs) could be PLB operators. In the latest regulation, the provision was abolished. Further, there is elimination on criteria of companies in PLB strictly for listed companies in the Indonesia Stock Exchange.

Therefore, private companies can also become operators for PLB as long as they meet the requirements. Companies who are not listed on the stock market can also benefit from PLB.

Requirements in PLB	
Operator and Company	Companies Also Acting as Operators (PDPLB)
<ol style="list-style-type: none"> 1. Having good internal controlling system 2. Having 10,000 m² land and/or building at minimum 3. Having evidence of ownership or control over a place, building, or zone with specific border and width 4. Having building business location permit (SITU) or location permit, environmental document and other permits 5. Has been confirmed as a Taxable Company (enclosing the latest Income Tax Return and VAT Return) 6. Having a certificate stating no arrears for the payment of tax, customs duty, and export duty, and excise 7. Having clear business process 8. Having Authorized Economic Operator certificate or other certificates related to management performance 9. Having logistics management experience and human resources graduated from logistics and supply chain management 	<ol style="list-style-type: none"> 1. Having good internal controlling, computerized inventory system, and goods search systems 2. Having contract of control over place, building or zone with a PLB operator and position/sketch that will be used for business by companies and PDPLB 3. Having business permit/other similar permits 4. Has been confirmed as Taxable Company (enclosing the latest Income Tax Return and VAT Return) 5. Having a certificate stating no arrears for the payment of tax, customs duty, and export duty, and excise 6. Having the clear business process 7. Having logistics management experience and human resources graduated from logistics management 8. Stating the form of PLB 9. Obtaining recommendation from a PLB operator

Besides simplifying the requirements to be PLB operator or company, the approval period required by the company to be a PLB operator or company is shortened. In the past, the period needed by the Government to process the request may take up to 15 days, but now it is restricted to only 3 business days at maximum.

Therefore, the Head of Customs Office or Head of Public Service Office receiving a request from a company should be able to perform document audit, issue minutes of location examination, and submit the minutes to the Head of Regional Office within three days. After that, the company who makes the request in PLB is asked to explain its business directly to the Regional Office or the Head of Public Service Office. The decision whether the request is approved or rejected will be announced on the same day, one hour after the explanation is conducted.

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