
Indonesia : Indonesia Approves Low-cost Green Car Tax Incentives

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The Indonesian Ministries of Finance and Industry have announced that they have approved a tax exemption for the production of low-cost, low-emission cars to reduce fuel consumption and to encourage the production of environmentally-friendly “low-cost green cars” (LCGC). The tax exemption provision is set out in Government Regulation No. 41/2013.

Industry Minister M.S. Hidayat said the Government’s LCGC incentives include an exemption from luxury-goods sales tax for cars or station wagons with an engine capacity of up to 1,200 cc and with a minimum fuel consumption of 20 km per litre. The sales tax exemption will also apply to diesel vehicles of up to 1,500 cc if they also have a minimum fuel consumption of 20 km per litre. The eco-friendly vehicles must also be assembled in Indonesia and 84% of their components must be locally-made to qualify for the tax exemption.

Contact us

If you would like further advice or information in relation to the topic outlined above, please contact:

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