

Import duty & taxes when importing into Indonesia

Overview

Import duty and taxes are due when importing goods into Indonesia whether by a private individual or a commercial entity. The valuation method is CIF (Cost, Insurance and Freight), which means that the import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of freight, and the cost of insurance. However, the duties of some products can be charged based on a unit of measure. In addition to duty, imports are also subject to sales tax, and in some cases to excise and STLG.

Duty Rates

Duty rates in Indonesia vary from 0% to 40%, with the average duty rate at 10.89%. Some products can be imported free of duty (e.g. books, laptops, and other electronic products).

Sales Tax

VAT is levied on imports at a standard rate of 10%, or at a reduced rate between 0% and 5% calculated on the sum of the CIF value and duty. However, sales tax can vary and be applicable based on units of measure.

Minimum thresholds

Imports with a FOB value, i.e. product value, up to USD50 are exempt from duty. However, they are still subject to VAT, excise and STLG if applicable.

Other taxes and custom fees

- Excise is applicable to alcohol and tobacco products at a rate of 275% on the sum of the CIF value and duty. Excise can also be applied per units of measure.
- STLG (Sales Tax on Luxury Goods) is applied to certain products at rates between 10% and 75% of the sum of the CIF value and duty.
- Income tax is charged at 2.5% for registered importers, and 7.5% for unregistered importers on the sum of the CIF value and duty. *Note: Duty Calculator assumes unregistered importers.*

Local Customs office and contacts

More information on import declaration procedures and import restrictions can be found at the [Indonesian Customs](http://beacukai.co.id) website. (beacukai.co.id)

Customs Duties and Taxes on Imports

Customs threshold

(from which tariffs are required) USD 50

Average Customs Duty

(Excluding Agricultural Products) 9.5% (2006)

Products Having a Higher Customs Tariff

The highest rates of duty are levied on alcoholic drinks (80 to 90%), and cars (60%).
Luxury goods form a separate category, and taxes can go up to 170% for luxury cars.

Preferential Rates

Indonesia uses the Nomenclature of the Harmonized System. Customs duties are *ad valorem* and calculated on the CIF value of the goods.

Indonesia grants preferential tariff treatment to certain products imported from other developing countries in the framework of the Global System of Trade Preferences (GSTP). Indonesia grants GSTP preferences for 31 tariff positions, the preferential margin being generally 10%.

In the framework of ASEAN, a common effective preferential tariff (CEPT) to create a free trade area (AFTA) has been established. In this framework, duties on the targeted products must be brought down to a level between 0 and 5% before the end of 2002 for the founder members and the Brunei Darussalam (ASEAN-6), 2006 for Viet Nam, 2008 for Laos and Myanmar, and 2010 for Cambodia. For other countries, the MFN tariff applies, varying from 0% to 30% (by brackets of 5%), with a few exceptions (spirits from 90% to 170%, motor vehicles from 65% to 80%).

Customs Classification

To classify imports and exports, Indonesia uses the Harmonized System of nomenclature and codification of goods. To honor its commitments to the WTO and respond to the imperatives of domestic politics, the government has implemented two types of policy over the last few years which have had a considerable effect on the level and the structure of duties. These policies are linked to a program of duty reduction between 1996 and 2003, and to a program of tariff harmonization between 2004 and 2010.

Method of Calculation of Duties

Indonesia conforms to the WTO Agreement on Customs assessment. Import duties, generally *ad valorem* duties, are applied to the CIF value of the imported goods. The chosen basis for assessment is the transactional value plus certain costs and expenses.

Method of Payment of Customs Duties

Measures to improve the system of payment of Customs duties have been taken, and consist of using a single administrative document for all types of taxes associated with one type of import, setting up a system of exchanging electronic data (EDI) which allows payment by electronic transfer, and making it compulsory to pay import taxes into an exchange bank only.

Import Taxes (Excluding Consumer Taxes)

Import taxes vary according to the type of product imported, ranging from 0 to 170%.