PTTI COUNTRY PROFILE — INDONESIA

Premix Taxes and Tariffs Index · Prepared for the Global Alliance for Improved Nutrition (GAIN)

Reference GCC-GAIN-PTTI-2026-01 | Dataset: Master workbook v1.5.56 (17 September 2026) | Profile v2.11 | 17 September 2026

1. PURPOSE AND BASIS OF PREPARATION

This profile is one of eight prepared for the Global Alliance for Improved Nutrition under the Premix Taxes and Tariffs Index engagement. The index records, for sixty-six countries, the taxes, duties and charges levied at the border on imported micronutrient premix — the concentrated blend of vitamins and minerals that millers and food producers add to staple foods such as wheat flour, edible oil and salt in food fortification programmes. Many countries that fortify foods import their premix, and the charges collected at the border can represent a material share of total programme cost. The fiscal treatment of premix at import is therefore of direct consequence to those who design, fund and operate fortification programmes, and this profile is written for that readership rather than for customs specialists.

Every figure cited traces to a source recorded in the citation log of the PTTI master workbook, version 1.5.56 of 17 September 2026. The modelling convention throughout the index is a single consignment valued at USD 1,000,000 on the cost, insurance and freight (CIF) basis — the value of the goods delivered to the port of entry, which is the base on which most import charges are computed. Where a charge is instead levied on the free-on-board (FOB) value, the convention takes FOB as USD 900,000. The modelled consignment is a bulk multi-micronutrient premix — vitamins and minerals on a food-grade carrier — for wheat-flour fortification, in industrial packing and of non-preferential origin, entered for home consumption at standard rates. The importer modelled is a registered manufacturer importing the premix as an input to its own production; a flour mill is taken as the reference case, and section 5 sets out how the VAT treatment of the fortified product bears on the credit. Where the evidence supporting a figure is secondary, or awaits verification against the primary legal instrument, this profile says so.

2. SUMMARY ASSESSMENT

An importer bringing the modelled consignment into Indonesia pays USD 191,750 at the border — 19.18 per cent of the value of the goods, below the index median of 31.14 per cent.

More striking than the level is its certainty. Indonesia is one of the few countries in the study whose tariff names fortification premix explicitly: national line 2106.90.73, “fortificant premixes”, at a 5 per cent duty. Both taxes in the bill — value added tax and the article 22 income-tax collection — are creditable in principle by a properly registered importer with taxable output, so the duty is the only charge that carries no credit mechanism at all; section 5 sets out the conditions on which the credits depend. Indonesia is the study’s clearest demonstration that a dedicated tariff line delivers a knowable position: the rate attached to it is a separate national decision.

3. THE CHARGES AT THE BORDER

Three charges apply to the modelled consignment; the index also records, as a verified negative, that no customs processing fee or import surcharge is levied on the goods themselves on this trade (port, terminal and service charges outside the tax system are not within the index’s scope).

Charge	Character and legal basis	Rate and base	Amount (USD)
Customs duty	Import duty on dedicated national line 2106.90.73, "fortificant premixes", in the national tariff book	5% of CIF	50,000
Value added tax (PPN)	VAT at the statutory 12 per cent applied, under the 2024 implementing regulation, to a base of eleven-twelfths of the import value (CIF plus duty, USD 1,050,000) — an effective 11 per cent; creditable in principle by a VAT-registered taxable enterprise with taxable output (see section 5)	11% effective	115,500
Income tax, article 22 (PPh 22)	Advance income-tax collection at import at the 2.5 per cent rate for holders of an import identification number; creditable in principle against income-tax liability and non-final. Without the identification number the rate is 7.5 per cent	2.5% of CIF + duty	26,250
Total gross import charges	**19.18% of the CIF value of the consignment**		**191,750**

The value added tax mechanics deserve a word, as they produce a rate that appears odd at first sight: the statutory rate is 12 per cent, but a 2024 ministerial regulation directs that it be applied to a base of eleven-twelfths of the import value, yielding an effective 11 per cent. The import value itself is the customs value plus the duty. Both tax charges turn on the importer's registrations — the import identification number for the concessional income-tax rate, and taxable-enterprise registration for the VAT credit — which is why section 5 treats importer status as the key planning variable.

4. THE CLASSIFICATION POSITION

Indonesia, with the East African Community, anchors the favourable end of the study's classification spectrum. The national tariff names the product — "fortificant premixes" — at its own line, so the goods do not depend on a residual heading, and the classification

risk that dominates the Ethiopian, Bangladeshi and Indian profiles is much reduced here: even if a consignment were classified to the neighbouring residual line 2106.90.99, the recorded MFN rate there is the same 5 per cent — although other lines within the heading carry different rates, so the equivalence is not unlimited. What the dedicated line buys is certainty. An importer knows the rate before shipment, a dispute has little to attach to on the duty rate, and the fiscal treatment of fortification inputs is visible to policy-makers as a line of their own tariff rather than buried in a residual. That is precisely the property the 2028 edition of the Harmonized System extends to all countries through its new subheading 2106.20, effective 1 January 2028 — provided that each country attaches to it a rate and a tax treatment as considered as Indonesia's.

5. THE RECOVERABILITY POSITION IN PRACTICE

Of the USD 191,750 paid at the border, USD 141,750 is creditable in principle: the value added tax by a registered taxable enterprise against output tax, and the article 22 collection — which is non-final — against the importer's income-tax liability. Both are financing costs in the interval to credit rather than costs by construction, but the conditions are substantive as well as administrative. The VAT credit is available only to the extent that the premix is used in making taxable supplies, so the VAT status of the fortified product matters — where the output is exempt, the credit is denied or apportioned — and the credit must be taken within the periods the law allows; the article 22 collection is worth its face value only against a sufficient income-tax liability for the year. An importer without the import identification number pays the article 22 collection at a higher tier — 7.5 per cent, the regulation's general rate for an importer without the number; the index checked the regulation's annexes of goods carrying other rates and found this line in none of them, so the residual 2.5 per cent applies to a holder — and an importer outside the VAT registration net cannot credit the largest charge in the bill. The customs duty of USD 50,000 carries no credit mechanism. The registrations and the tax status of the output, not the tariff, are where an Indonesian import goes wrong.

The VAT status of the fortified product decides how much of the credit is real. Wheat flour and cooking oil are taxable supplies at the effective 11 per cent, so a flour miller or oil refiner credits the import VAT by ordinary set-off in its monthly return; a government-borne VAT scheme announced for flour and cooking oil in December 2024 was withdrawn in January 2025 and none is in force. Salt, iodised or not, is among the basic necessities exempted from VAT under Article 16B(1a) of the VAT Law as amended by Law 7/2021 and Government Regulation 49/2022 (Article 7(2)(f)), and Article 16B(3) provides that input tax on goods used

for exempt supplies cannot be credited, with the apportionment guideline of Article 9(5) and (6) applying where a business makes both. A salt producer therefore cannot credit the VAT on premix and should treat it as a cost. The treatment of the specific product should be confirmed before recovery is assumed.

Two cautions apply to every creditable charge in this profile, and the index applies them throughout. First, a credit is a legal entitlement, not cash. VAT or sales tax paid at import may be credited, carried forward or refunded only under the local rules, including the treatment of the importer's own output: where the fortified product is exempt the input credit is denied in whole or in part, and where it is zero-rated the excess is recovered by refund claim rather than set-off. Advance income-tax collections follow separate rules — adjustment against the year's liability, minimum-tax treatment for some importers, and refund of any excess — and are not affected by the VAT status of the output. Second, recovery takes time and is contestable: claims are subject to time limits, audit, partial disallowance, delay and dispute, and an amount identified as creditable in principle is not a guaranteed receipt. For these reasons the index reports the gross figure — what must be paid and financed at the border — as its headline, records for each charge whether it is creditable in principle, and computes no net figure. Programme plans should budget on the gross amount, distinguish the charges no importer can credit from the creditable principal and the financing cost of delayed recovery, and test denial and delay scenarios.

6. THE RELIEF AND EXEMPTION POSITION

No exemption or relief instrument is recorded on the modelled line, and none is needed for the tariff element to be modest: the dedicated line at 5 per cent is itself the settlement. One origin-based opportunity is on the record: under Indonesia's agreement with the European Free Trade Association, premix of EFTA origin — in practice Swiss or Norwegian supply, though Icelandic and Liechtenstein origin equally qualifies — is scheduled for duty-free entry, subject to confirmation of the corresponding line in the agreement's tariff schedule (which pre-dates the current national nomenclature) and to the rules of origin and proof-of-origin requirements being met. Since the duty is the only charge without a credit mechanism, qualifying origin would remove the customs-duty element; the tax rates and their credit conditions are unchanged, but because both taxes are computed on the duty-inclusive value their amounts fall too — at zero duty the bill would be USD 135,000, or 13.50 per cent, a saving of USD 56,750 of which USD 6,750 is consequential tax. No European Union agreement was in force on the recorded evidence, so most-favoured-nation treatment applies to EU-origin goods; the EU–Indonesia agreement concluded in

2025 should be monitored for its entry into force and its treatment of this line. Sourcing decisions are commercial, but where supply chains allow, origin planning is a legitimate answer to the customs-duty element.

7. THE BORDER OPERATING ENVIRONMENT

Indonesia's operational indicators are sound. The World Bank's Logistics Performance Index for 2023 scores the country at 3.0 overall (ranked 61st) with a customs component of 2.8. The legacy Doing Business measurements of 2020, indicative only, put border compliance for an import at approximately 99 hours and USD 383 per shipment, with documentary compliance adding some 106 hours and USD 164. The notified implementation rate under the WTO Trade Facilitation Agreement stands at 100 per cent, with the national single window and advance rulings both recorded as implemented. Nothing in the aggregate operational picture alters the fiscal conclusion, although aggregate indicators do not establish product-specific clearance experience. The logistics vintages cited are each country's most recent scored edition — the 2025 LPI publishes no country scores — and the 2020 legacy compliance figures are context, not current measurements.

8. OBSERVATIONS RELEVANT TO PROGRAMME PLANNING

Three observations follow. First, get the registrations right before the goods move: the import identification number sets the article 22 rate (2.5 rather than 7.5 per cent), while VAT registration and the taxable status of the output determine whether the VAT is creditable; the article 22 collection is creditable against income tax in either case, and both registrations are obtainable in advance; confirm at the same time that the fortified product is a taxable supply, since that is what the VAT credit depends on. Second, where sourcing allows, EFTA-origin supply could remove the customs duty — the one charge without a credit mechanism — and is worth weighing against any price differential, subject to the schedule and origin checks noted in section 6. Third, Indonesia is, with the East African Community, the exhibit to cite when making the classification case elsewhere: a major importing country that names premix in its tariff and applies a modest rate, giving qualifying premixes an explicit tariff identifier — the outcome the 2028 Harmonized System subheading 2106.20 makes available to every country from 1 January 2028.

9. DATA QUALITY AND LIMITATIONS

The Indonesian assessment carries high confidence. The dedicated line and its 5 per cent rate are sighted in the national tariff book; the VAT mechanics rest on the statute and the 2024 implementing regulation (PMK 131/2024); the article 22 rates rest on the 2025 ministerial regulation (PMK 51/2025). The verified-negative fee row records that no processing fee or surcharge applies to the goods. Classification ambiguity is recorded as low. The evidence that would restate this profile is an amendment to either implementing regulation or to the tariff line's rate, or the entry into force of a preferential agreement covering the line. The figures are prepared on the index's common conventions to support comparison and programme-level planning; they are not a substitute for a binding ruling or an entry-specific computation.

Prepared by Global Customs Compliance Ltd for the Global Alliance for Improved Nutrition under engagement GCC-GAIN-PTTI-2026-01. Delivered to GAIN for its use and publication under Contract for Services 2026011301.