

Client Alert

March 2020

Government Acts to Reduce Plastic Use in Indonesia

Recent Developments

On 19 February, Commission XI of the Indonesian House of Representatives (Dewan Perwakilan Rakyat) approved the Minister of Finance's plan to impose excise on plastic products. The plan to impose excise on plastic products was submitted in mid-2019.

The affected products will include plastic bags, plastic bottles and plastic sachets for sweet drinks. The Minister of Finance, Sri Mulyani, suggested that the excise tariff will be Rp. 30,000 (USD 2.2) per kilogram.

After the discussion between Commission XI of the Indonesian House of Representatives and the Minister of Finance on 19 February, Sri Mulyani and the Ministry of Finance team will redesign relevant policies and will pay careful attention to the questions and responses raised during the meeting.

In addition, Sri Mulyani will conduct a follow-up meeting with House of Representatives Commission XI. The meeting will include issues such as the products on which excise will be imposed and the amount of tariffs that will be imposed.

Brief Summary

The following is a brief summary of the discussion between the Ministry of Finance and the House of Representatives:¹

1. House of Representatives Commission XI approved the government's plan to add plastic products to the goods on which excise will be imposed.
2. House of Representatives Commission XI requested the government to prepare a road map for the expansion of other excisable goods, i.e., plastic products.
3. House of Representatives Commission XI requested the Minister of Finance to provide a written response within 7 days for all questions and responses of House of Representatives Commission XI during the work meeting on 19 February 2020.

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¹ <https://www.cnbcindonesia.com/news/20200219150054-4-139041/tok-dpr-setujui-rencana-sri-mulyani-terapkan-cukai-plastik>



Future Impacts

- After the enactment of the regulation on imposition of excise on plastics, there is a probability that the selling price of plastics products will increase.
- The increase of prices of plastic products might lead to a decrease of plastic consumption, and plastic producers might experience a downfall of sales of plastic.
- From a strict customs perspective, plastic manufacturers, storage companies, importers of excisable goods, distributors and plastic users who deal with plastic production or procurement may be subject to interviews and queries from Customs and Excise Officials.

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