





# Outline

## I. Economic and Investment Performance

## II. Investment Policies

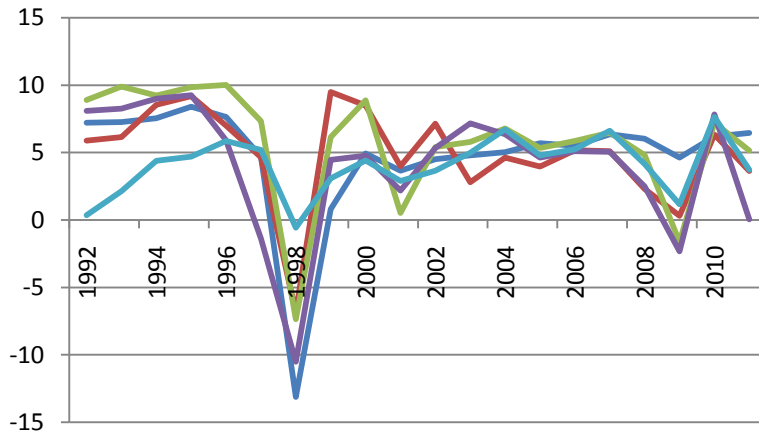


# I. Economic and Investment Performance

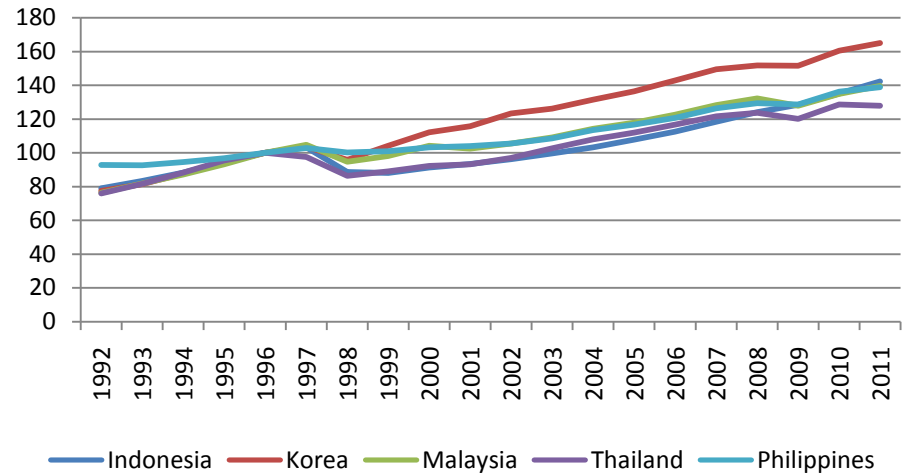
# Sound Economy: Maintaining the pace of growth.



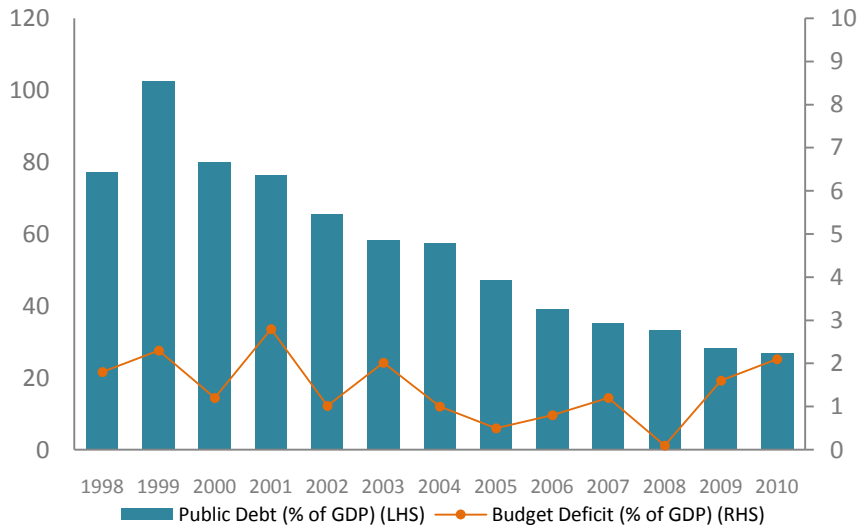
## GDP growth rates (%)



## Real GDP per capita (1996=100)



## Public Debt and Budget Deficit (% of GDP)



*Indonesian economy grew by 6.5% in 2011, and 6.3% in 2012. It is currently the second fastest growing economy among G20 members.*

*Indonesia is fiscally and monetarily more sound compared to some European countries.*

Source: CEIC



# Indonesia Population



IN 2012  
INDONESIA'S  
POPULATION

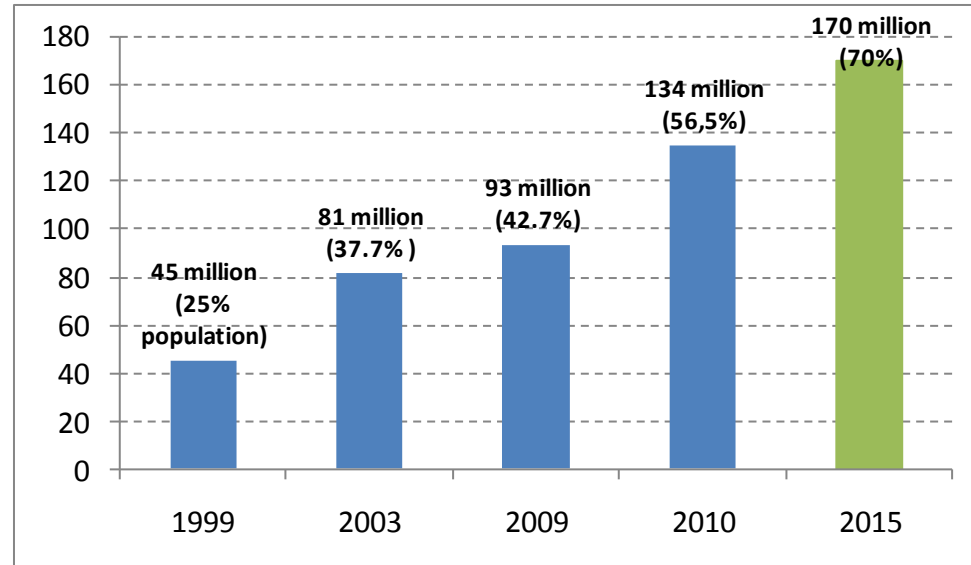
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**245**

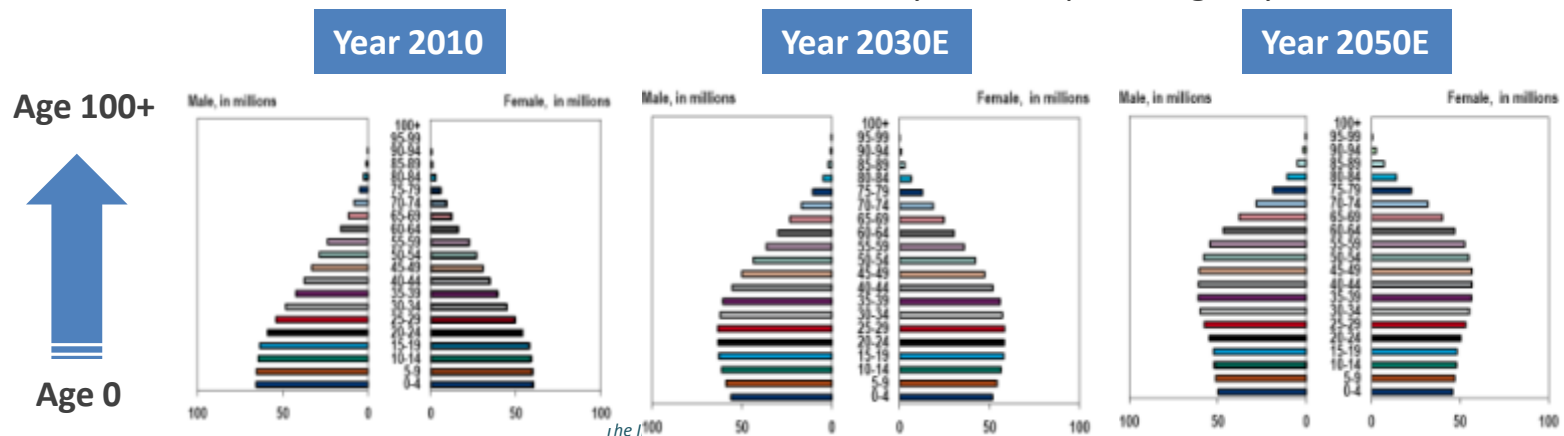
**MILLION**

4th most populous  
nation in the world

## High Expectation of Growth IN MIDDLE TO HIGH CLASS INCOME (EXPENDITURE PER CAPITA US\$2-US\$20/DAY)



Of the 245 million people in Indonesia, over 60% of the population is under 39 years old, providing a dynamic workforce.





# International Credit Ratings: Indonesia Snares Investment Grade

**STANDARD  
& POOR'S**

Apr 2013

**BB+ /  
STABLE**

*1 Notch closer to  
Investment Grades*

*“The rating reflects continuing improvement in the government's balance sheet and external liquidity, against a backdrop of a resilient economic performance and cautious fiscal management.”*



Japan Credit Rating Agency, Ltd.

Aug 2011

**BBB / STABLE**

*Investment Grades*

*“this ratings affirmation reflects the country's sustainable economic growth outlook underpinned by solid domestic demand, alleviated public debt burden brought by prudent fiscal management, and reinforced resilience to external shocks stemming from accumulated foreign exchange reserves and an improved external debt management capacity.”*

**FitchRatings**

Dec 2011

**BBB- / STABLE**

*Investment Grades*

*“The rationale behind the upgrade is improved economic performance, strengthened external liquidity, low and declining public debt ratios, and a prudent overall macro policy framework. Rapid progress in tackling structural weaknesses combined with sustained economic growth in line with or better than Fitch's projections without a build-up of external imbalances or a severe inflation shock would enhance Indonesia's economic and sovereign credit fundamentals and exert upward pressure on the rating.”*

**MOODY'S  
INVESTORS SERVICE**

Jan 2012

**Baa3/ STABLE**

*Investment Grades*

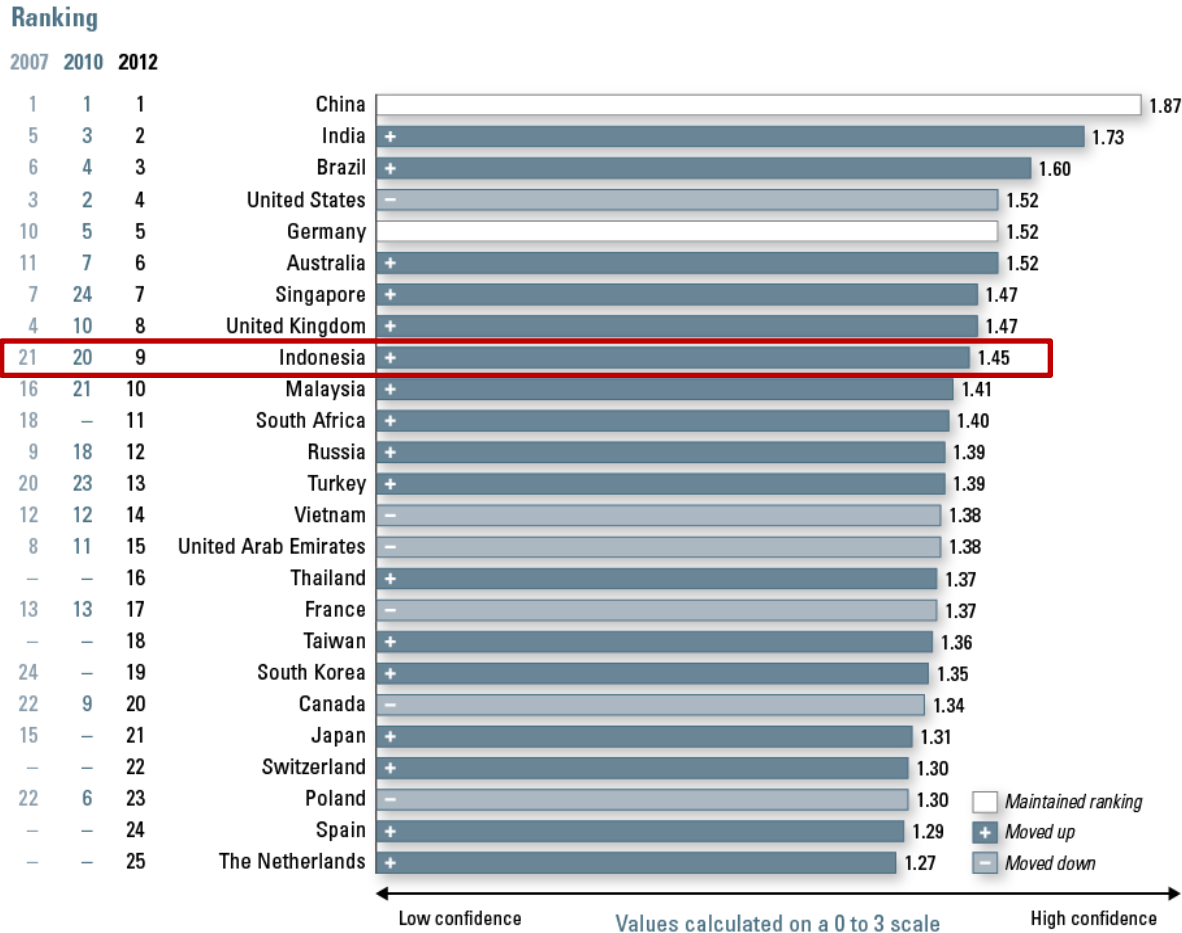
*“Indonesia's cyclical resilience to large external shocks points to sustainably high trend growth over the medium term. A more favorable assessment of Indonesia's economic strength is underpinned by gains in investment spending, improved prospects for infrastructure development following key policy reforms, and a well-managed financial system.”*



# Investment Climate: *the world embrace Indonesia's economic performance*

Figure 1

## The A. T. Kearney Foreign Direct Investment Confidence Index, 2012



Source: A.T. Kearney Foreign Direct Investment Confidence Index®, 2012

- The Foreign Direct Investment Confidence Index is a global survey held by **A. T. Kearney**. This index gives unique picture of prospects for international investment flows. Following are the major findings of the 2012 FDI Confidence Index, which is based on a survey of more than 200 executives from 27 countries and 17 industry sectors.
- Indonesia made significant gains as a destination for foreign direct investment (FDI), moving from 20<sup>th</sup> place in 2010 to 9<sup>th</sup> place in its recent survey.



**World Investment Prospects Survey 2012 - 2014**  
**“the most attractive economies for the location of FDI”**

No	Countries	Ratings (Period of Year)	
		2010-2012	2012-2014
1	China	1	1
2	USA	4	2
3	India	2	3
<b>4</b>	<b>Indonesia</b>	<b>9</b>	<b>4</b>
5	Brazil	3	5
6	Australia	13	6
7	United Kingdoms	7	6
8	German	10	8
9	Rusia	5	8
10	Thailand	10	8
s/d			
193			

***“Indonesia was ranked 4<sup>th</sup> as major destination for FDI. “***

*This result was based on UNCTAD survey whose respondents are executives of Transnational Corporations (TNC) from developed and/or developing countries.*

*UNCTAD consists of 193 member economies or countries.*

Source: World Investment Prospects Survey 2012 – 2014 UNCTAD





## Taiwan Research, 2013

Table 11-1

### CEOs Most Favor China, Indonesia, Vietnam

Which Asian countries do you favor and regard worth investing in? (Multiple answers allowed) (Unit: %)

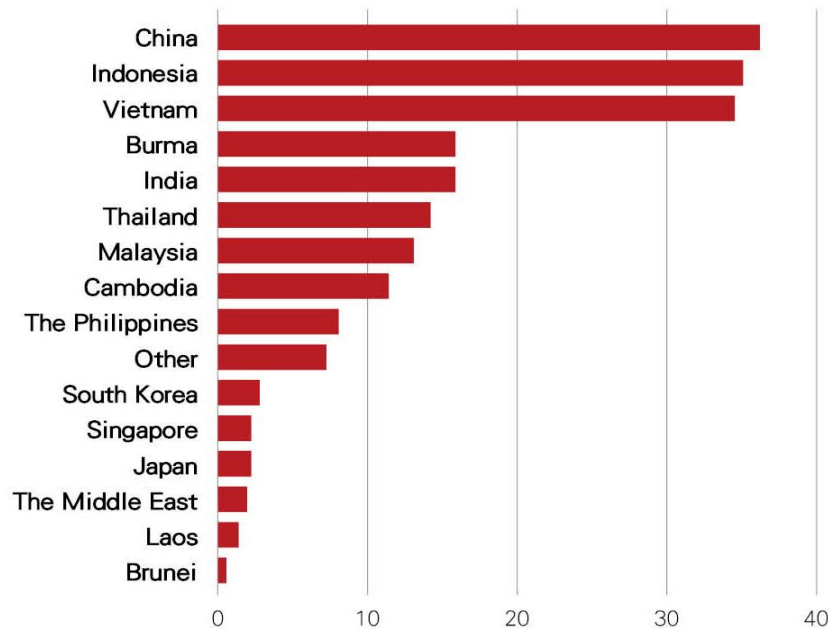
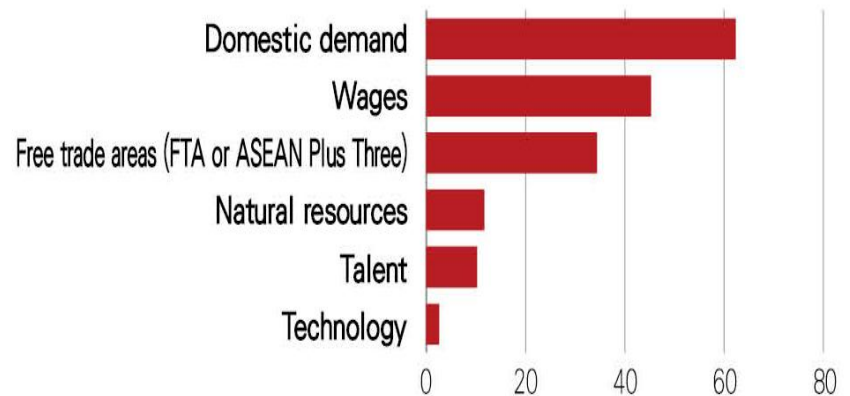


Table 11-2

### CEOs More Lured by Domestic Demand

What is your main reason for favoring certain Asian countries? (Multiple answers allowed) (Unit: %)





## Investment Climate: FDI Destination Countries for Japan Investors

Rank	2005	2006	2007	2008	2009	2010	2011	2012
1	China	China	China	China	China	China	China	China
2	India	India	India	India	USA	India	India	India
3	Thailand	Vietnam	Vietnam	Vietnam	Thailand	Vietnam	Thailand	Indonesia
4	Vietnam	Thailand	Thailand	Russia	Eropa Timur	Thailand	Vietnam	Thailand
5	USA	USA	Russia	Thailand	Taiwan	Brazil	Indonesia/ Brazil	Vietnam
6	Russia	Russia	USA	Brazil	Hongkong	Indonesia	-	Brazil
7	Korea	Brazil	Brazil	USA	Singapore	Russia	Russia	Mexico
8	Indonesia	Korea	Indonesia	Indonesia	Korea	USA	USA	Rusia
9	Brazil	Indonesia	Korea	Korea	Malaysia	-	Malaysia	USA
10	Taiwan	Taiwan	Taiwan	Taiwan	Indonesia	Malaysia/ Taiwan	Taiwan	Myanmar

**Fast progressing Indonesia surged to the third rank this time.**

In this survey, Indonesia was cited by 215 companies as a promising country, having attained the third rank. In contrast to 41 responded companies in FY2008, the country was appreciated by five times the number of companies. The point of Indonesia which is most highly expected is the **growth potential of the local market, which is regarded as promising by a wide spectrum of industries.**

Source: Japan Bank for International Cooperation (JBIC) 2013

*The Investment Coordinating Board of the Republic of Indonesia*



## Indonesia today ...

**16th-largest** economy in the world

**45 million** members of the consuming class

**53%** of the population in cities producing **74%** of GDP

**55 million** skilled workers in the Indonesian economy

**\$0.5 trillion** market opportunity in consumer services, agriculture and fisheries, resources, and education



## ... and in 2030

**7th-largest** economy in the world

**135 million** members of the consuming class

**71%** of the population in cities producing **86%** of GDP

**113 million** skilled workers needed

**\$1.8 trillion** market opportunity in consumer services, agriculture and fisheries, resources, and education



Source: World Investment Prospects Survey 2012 – 2014 UNCTAD

# Investment Realization Target (Strategic Planning BKPM 2010 – 2014)



	2010	2011	2012	2013	Δ
<b>REALIZATION</b>					
<b>FDI</b>	147,9 T	175,3 T	221,0 T (US\$ 24.5 M)	272,6 T (US\$ 30.2 M)	23,3 %
<b>DDI</b>	60,6 T	76,0 T	92,2 T (US\$ 10.2 M)	117,7 T (US\$ 13.1 M)	27,6 %
<b>TOTAL</b>	208,5 T	251,3 T	313,2 T (US\$ 34.7 M)	390,3 T (US\$ 43.3 M)	24,6 %

2010-2012: Investment realization

2013: Investment target as Strategic Planning BKPM 2010-2014

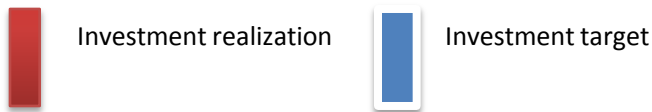
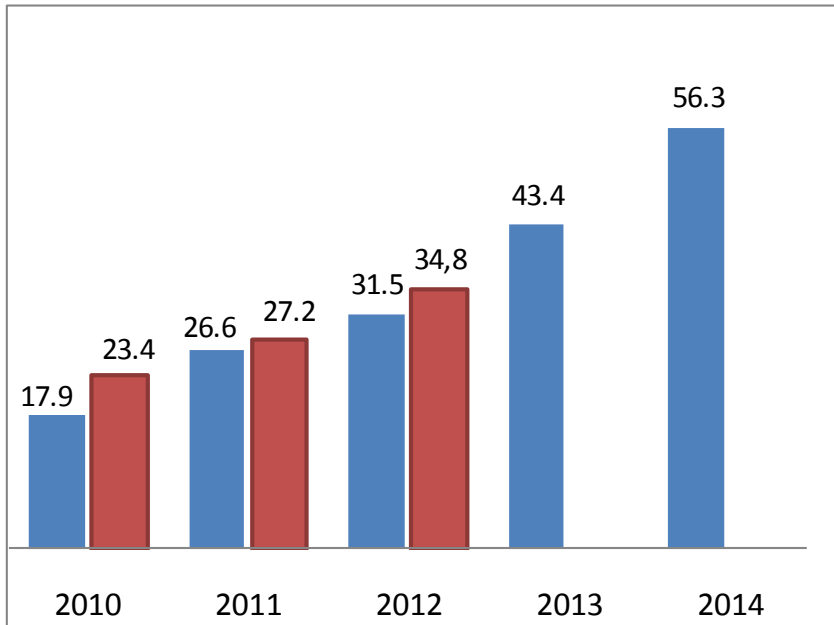
Δ : Investment realization target of 2013 to investment realization performance of 2012



# Investment Target

## INVESTMENT REALIZATION AND TARGET

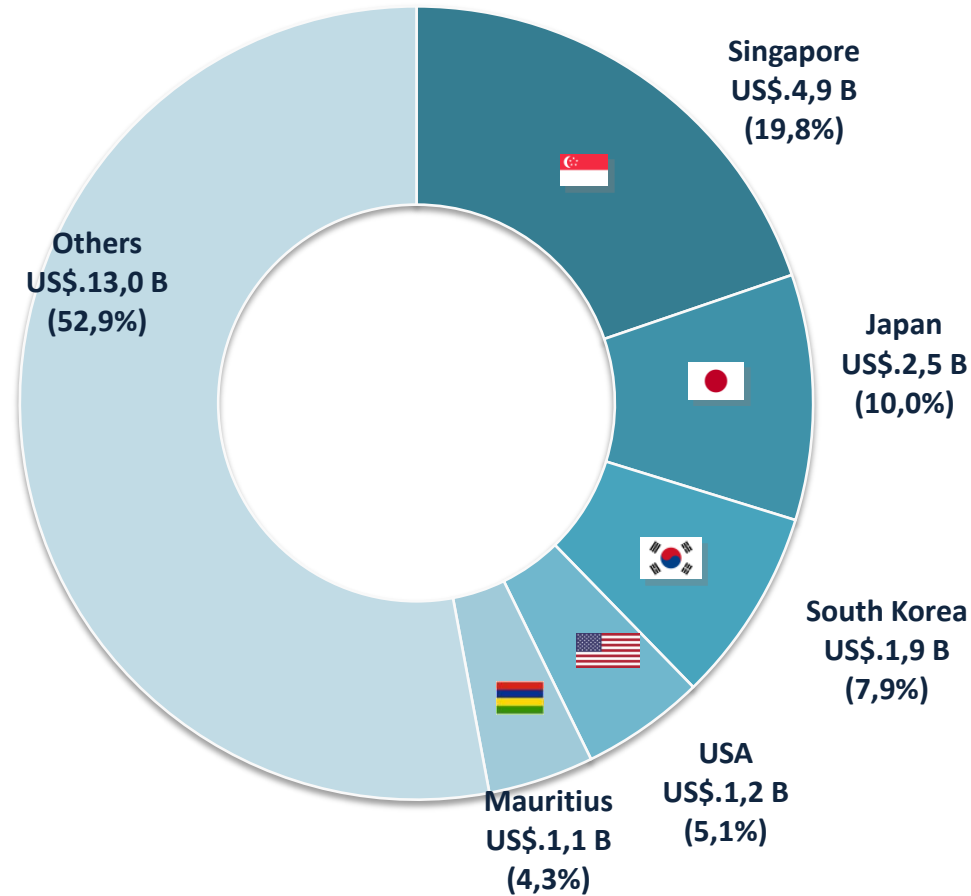
US\$ Billion



### Description:

- In 2010, the realization of investment reached **130.2%** of 2010 target
- In 2011, the realization of investment reached **104.7%** of 2011 target
- In 2012, the realization of Investment reached **124.6%** of 2012 target

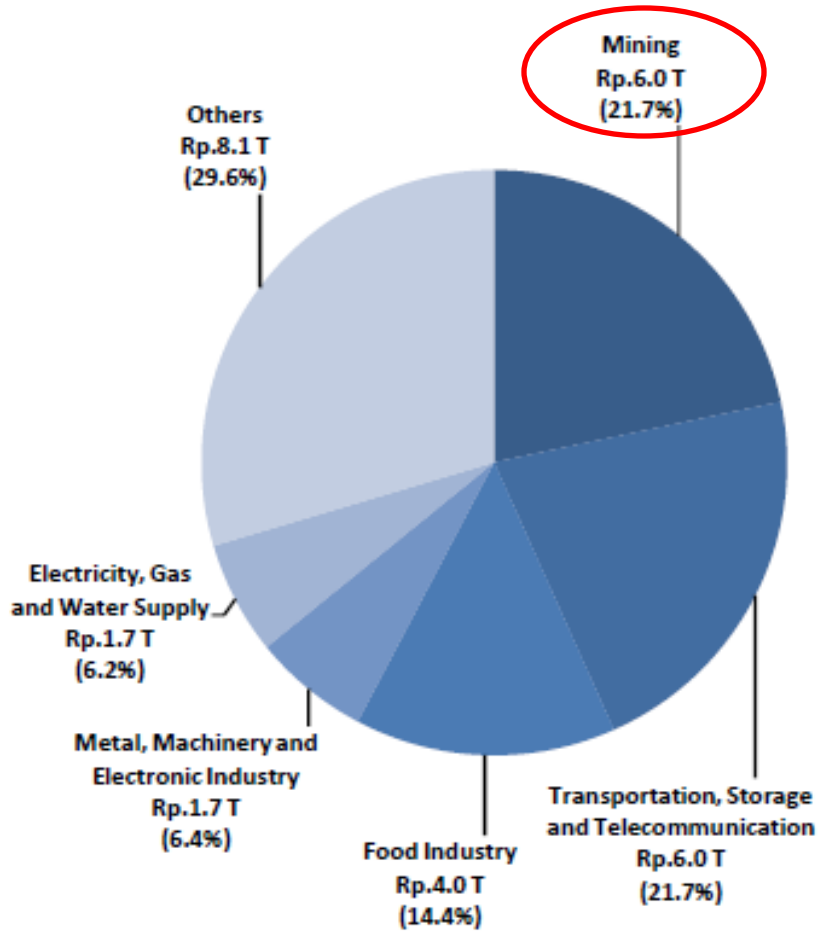
## Investment Realization 2012 Based on Countries



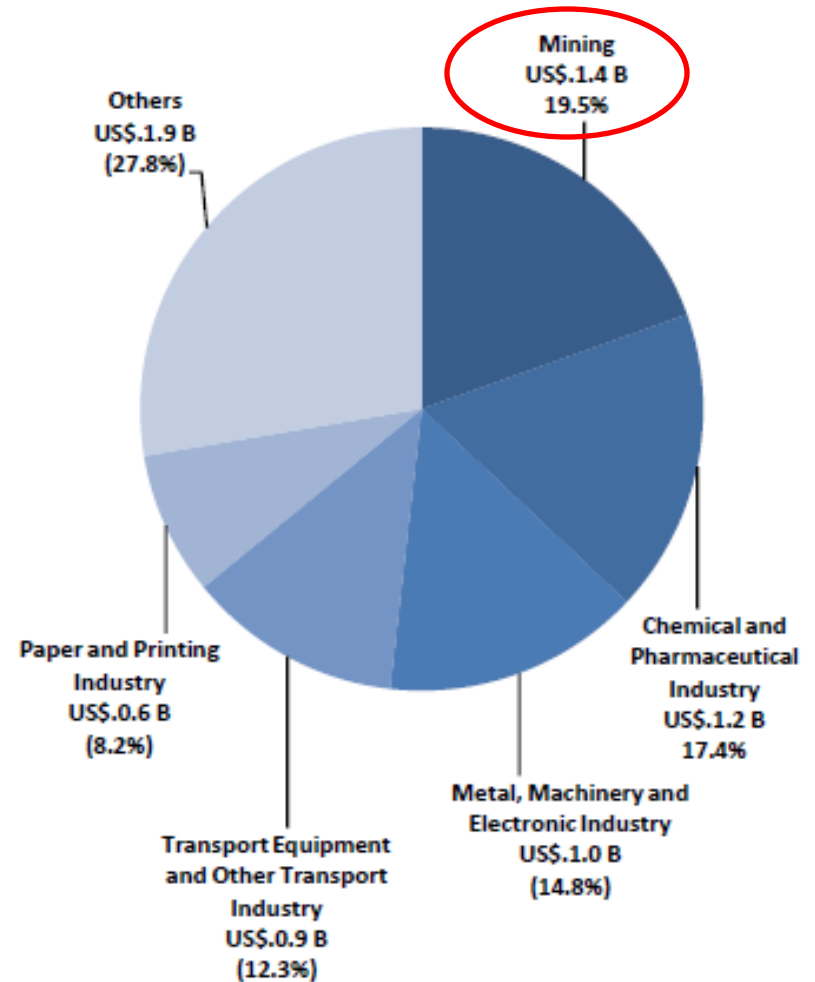
# Investment Realization of January – March 2013 : Based on Sectors



## Domestic Direct Investment



## Foreign Direct Investment



# Investment Realization of January – March 2013: Based on Sector



## Domestic Direct Investment

NO	BUSINESS FIELDS	PROJECTS	INVESTMENT (Rp. Miliar)
1	Mining	22	5.971,0
2	Transport, Storage & Communication	26	5.970,5
3	Food Industry	81	3.978,9
4	Metal, Machinery & Electronic Industry	28	1.769,7
5	Electricity, Gas & Water Supply	10	1.725,3
6	Chemical and Pharmaceutical Industry	33	1.522,0
7	Real Estate, Ind. Estate & Business Activities	7	1.450,0
8	Non Metallic Mineral Industry	15	1.288,2
9	Food Crops & Plantation	57	1.259,7
10	Paper and Printing Industry	20	956,1
11	Textile Industry	22	811,9
12	Rubber and Plastic Industry	25	482,8
13	Construction	7	101,0
14	Hotel & Restaurant	16	53,4
15	Wood Industry	4	49,4
16	Motor Vehicles & Other Transport Equip. Industry	6	39,6
17	Other Industry	5	22,3
18	Other Services	16	20,9
19	Livestock	5	15,5
20	Medical Preci. & Optical Instru, Watches & Clock Industry	1	5,5
21	Trade & Repair	26	3,9
22	Forestry	-	-
23	Fishery	1	-
24	Leather Goods & Footwear Industry	1	-
<b>TOTAL</b>		<b>434</b>	<b>27.497,5</b>

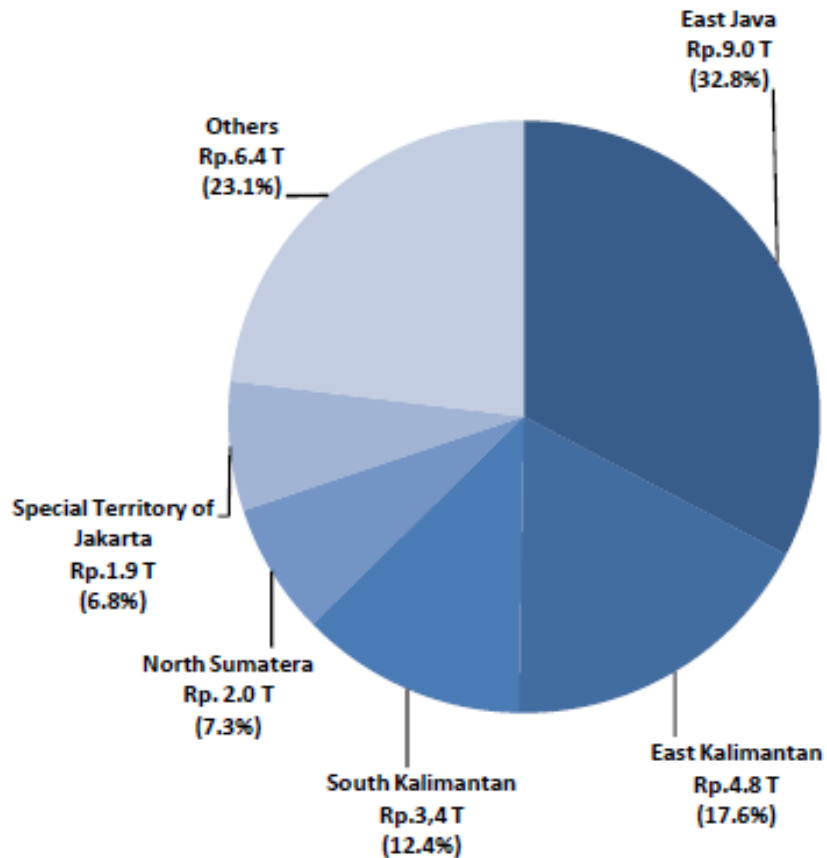
## Foreign Direct Investment

NO	BUSINESS FIELDS	PROJECTS	INVESTMENT (US\$ Million)
1	Mining	207	1.376,3
2	Chemical and Pharmaceutical Industry	90	1.228,2
3	Metal, Machinery & Electronic Industry	121	1.041,9
4	Motor Vehicles & Other Transport Equip. Industry	49	866,4
5	Paper and Printing Industry	20	579,3
6	Food Industry	156	405,5
7	Food Crops & Plantation	127	314,3
8	Textile Industry	42	234,3
9	Electricity, Gas & Water Supply	34	218,0
10	Trade & Repair	500	215,5
11	Other Services	263	137,3
12	Rubber and Plastic Industry	41	122,1
13	Real Estate, Ind. Estate & Business Activities	79	116,7
14	Transport, Storage & Communication	33	51,8
15	Hotel & Restaurant	107	31,2
16	Construction	28	30,7
17	Non Metallic Mineral Industry	25	30,0
18	Leather Goods & Footwear Industry	19	25,4
19	Other Industry	37	18,1
20	Livestock	3	1,7
21	Forestry	11	1,4
22	Fishery	13	1,2
23	Wood Industry	5	0,9
24	Preci. & Optical Instru, Watches & Clock Industry	3	0,1
<b>TOTAL</b>		<b>2.013</b>	<b>7.048,2</b>

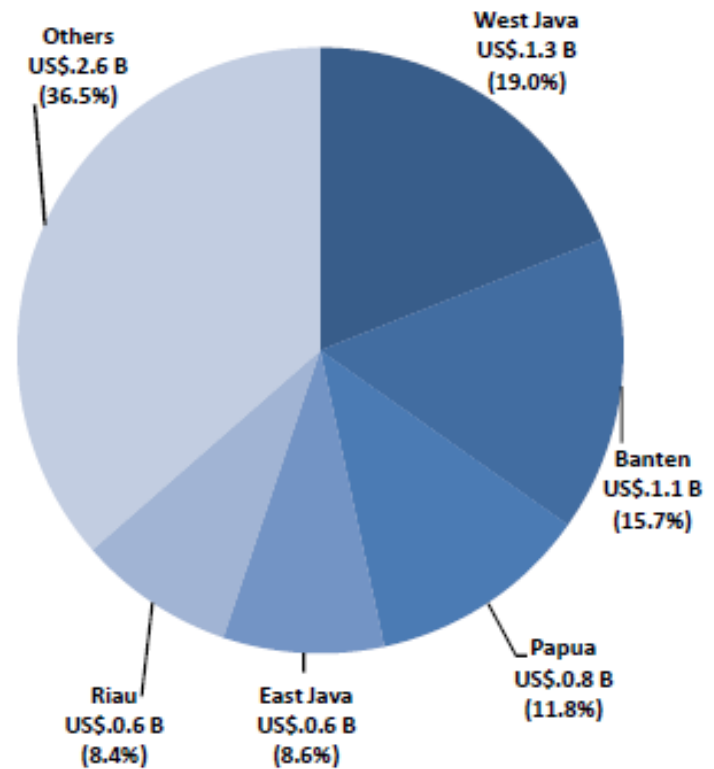
# Investment Realization of January – March 2013 : Based On Locations



## Domestic Direct Investment



## Foreign Direct Investment





# Investment Realization of January – March 2013: Based on Location



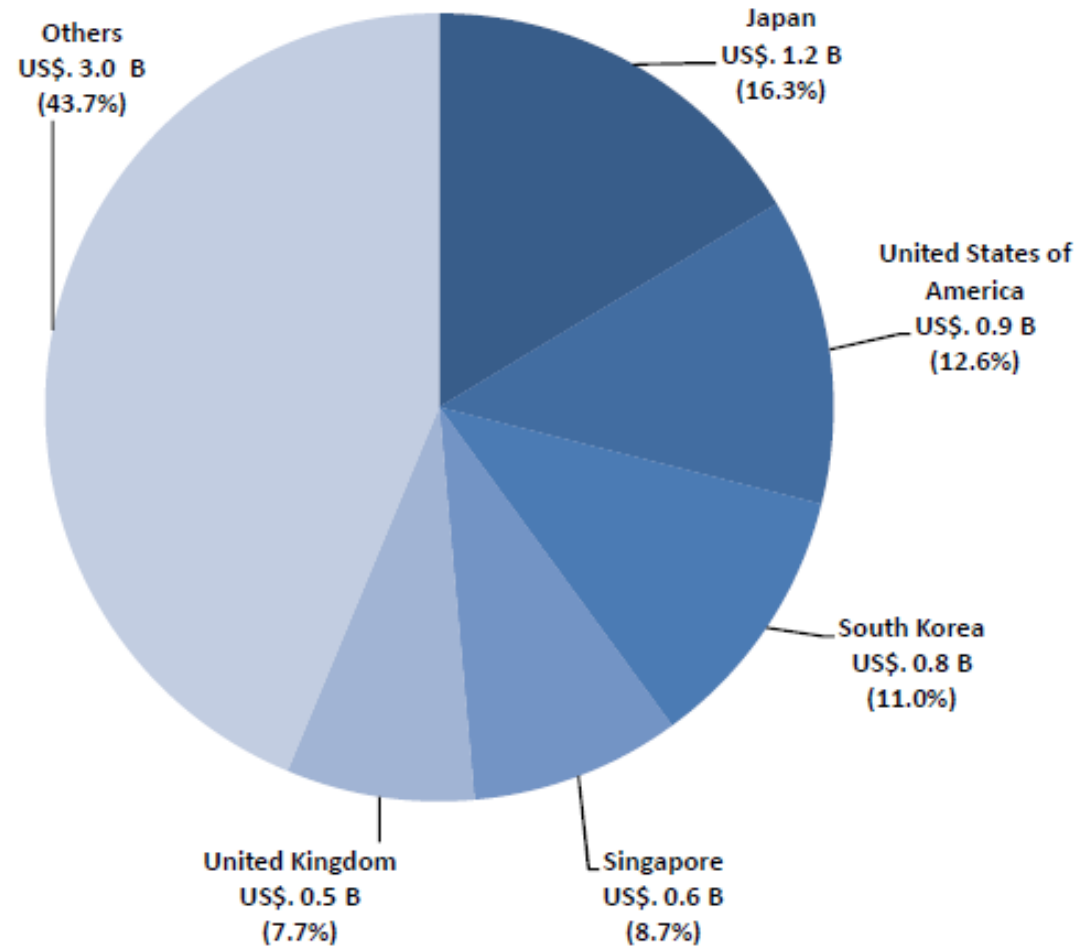
## Domestic Direct Investment

NO	LOCATION	PROJECTS	INVESTMENT (Rp. Miliar)
1	East Java	103	9.011,9
2	East Kalimantan	24	4.845,9
3	South Kalimantan	10	3.420,3
4	North Sumatera	7	1.991,0
5	Jakarta Capital Territory	44	1.872,8
6	Nanggroe Aceh Darussalam	19	1.522,1
7	Central Java	53	1.012,7
8	West Java	37	867,8
9	Banten	19	726,0
10	Central Kalimantan	32	676,7
11	South East Sulawesi	3	324,3
12	South Sumatera	11	281,9
13	West Kalimantan	13	202,7
14	Riau	2	149,4
15	West Sulawesi	1	132,2
16	North Maluku	1	82,4
17	South Sulawesi	9	78,0
18	Central Sulawesi	2	43,9
19	North Sulawesi	5	43,6
20	West Papua	4	43,2
21	Bangka Belitung	1	28,2
22	Bengkulu	1	27,6
23	Bali	5	25,0
24	Special Region of Yogyakarta	1	15,1
25	West Nusa Tenggara	9	14,8
26	Lampung	2	14,5
27	Riau Islands	9	13,9
28	Papua	1	13,7
29	East Nusa Tenggara	1	10,3
30	West Sumatera	3	5,8
31	Jambi	-	-
32	Gorontalo	-	-
33	Maluku	-	-
<b>TOTAL</b>		<b>434</b>	<b>27.497,5</b>

## Foreign Direct Investment

NO	LOCATION	PROJECTS	INVESTMENT (Rp. Miliar)
1	West Java	239	1.339,2
2	Banten	143	1.109,3
3	Papua	18	832,9
4	East Java	116	605,0
5	Riau	30	588,7
6	Central Sulawesi	14	516,8
7	Jakarta Capital Territory	715	477,4
8	Central Java	47	241,4
9	West Nusa Tenggara	80	211,5
10	North Sumatera	51	175,3
11	South Sulawesi	21	166,3
12	East Kalimantan	78	136,3
13	West Kalimantan	33	116,8
14	South Sumatera	27	112,6
15	Riau Islands	19	104,2
16	North Maluku	7	58,8
17	Central Kalimantan	67	48,5
18	Nanggroe Aceh Darussalam	18	40,4
19	South Kalimantan	38	36,6
20	North Sulawesi	36	19,1
21	South East Sulawesi	23	17,8
22	Jambi	12	16,4
23	West Sumatera	20	15,2
24	Bengkulu	6	13,2
25	Bali	83	11,1
26	Bangka Belitung	12	10,9
27	Lampung	11	7,5
28	Special Region of Yogyakarta	15	7,0
29	Maluku	13	5,0
30	West Irian	11	4,7
31	East Nusa Tenggara	6	2,2
32	West Sulawesi	1	0,0
33	Gorontalo	3	-
<b>TOTAL</b>		<b>2.013</b>	<b>7.048,2</b>

# Investment Realization of January – March 2013 : Based on Country of Origin



# Realization January – March 2013: Based on Country of Origin



NO	Country of Origin	Project	INVESTASI (US\$. Million)
1	Japan	168	1.151,7
2	United States of America	44	885,7
3	South Korea	174	774,7
4	Singapore	331	616,0
5	United Kingdom	48	544,0
6	Netherlands	50	330,5
7	Malaysia	126	155,4
8	British Virgin Islands	58	151,1
9	Australia	70	134,5
10	Luxembourg	8	98,7
11	Switzerland	12	84,0
12	Canada	4	64,8
13	People's Republic of China	99	60,2
14	Jordan	2	52,6
15	Hong Kong (SAR)	55	45,9
16	France	21	42,1
17	India	33	29,7
18	Germany	24	20,5
19	United Arab Emirates	7	12,6
20	Mauritius	11	12,5
21	Belgium	9	8,1
22	Taiwan	31	7,7
23	Thailand	13	7,7
24	Denmark	3	4,0
25	Turkey	7	4,0
26	Panama	1	3,9
27	Cayman Island	4	2,3
28	<b>Italy</b>	<b>6</b>	<b>2,2</b>
29	Puerto Rico	1	1,9
30	Spain	3	0,6
31	Saudi Arabia	3	0,4
32	Austria	4	0,2
33	Bulgarium	1	0,1
34	Slovenia	1	0,0
35	Czech Republic	1	0,0
36	Russia	3	0,0

NO	Country of Origin	INVESTASI (US\$. Million)	Project
37	The Philippines	5	-
38	Iran	1	-
39	Maldives	1	-
40	Pakistan	3	-
41	Yemen	1	-
42	Finland	1	-
43	Hungary	1	-
44	Poland	1	-
45	Cyprus	1	-
46	Slovakia	1	-
47	Sweden	4	-
48	Scotland	1	-
49	Argentina	1	-
50	Egypt	2	-
51	Seychelles	2	-
52	Joint Countries	6.811,77	1.164
<b>TOTAL</b>		<b>24.564,67</b>	<b>4.579</b>



## II. Investment Policies



## Policies Supporting Investment Competitiveness

### POLICIES SUPPORTING INVESTMENT COMPETITIVENESS

#### INVESTMENT GUIDELINES

1. Investment License Procedures
2. Standard Operating Procedures (SOP) for Investment License

#### INVESTMENT LAW

Law of the Republic of Indonesia Number 25 Year 2007 concerning Investments

#### NEGATIVE INVESTMENT LIST (NIL)

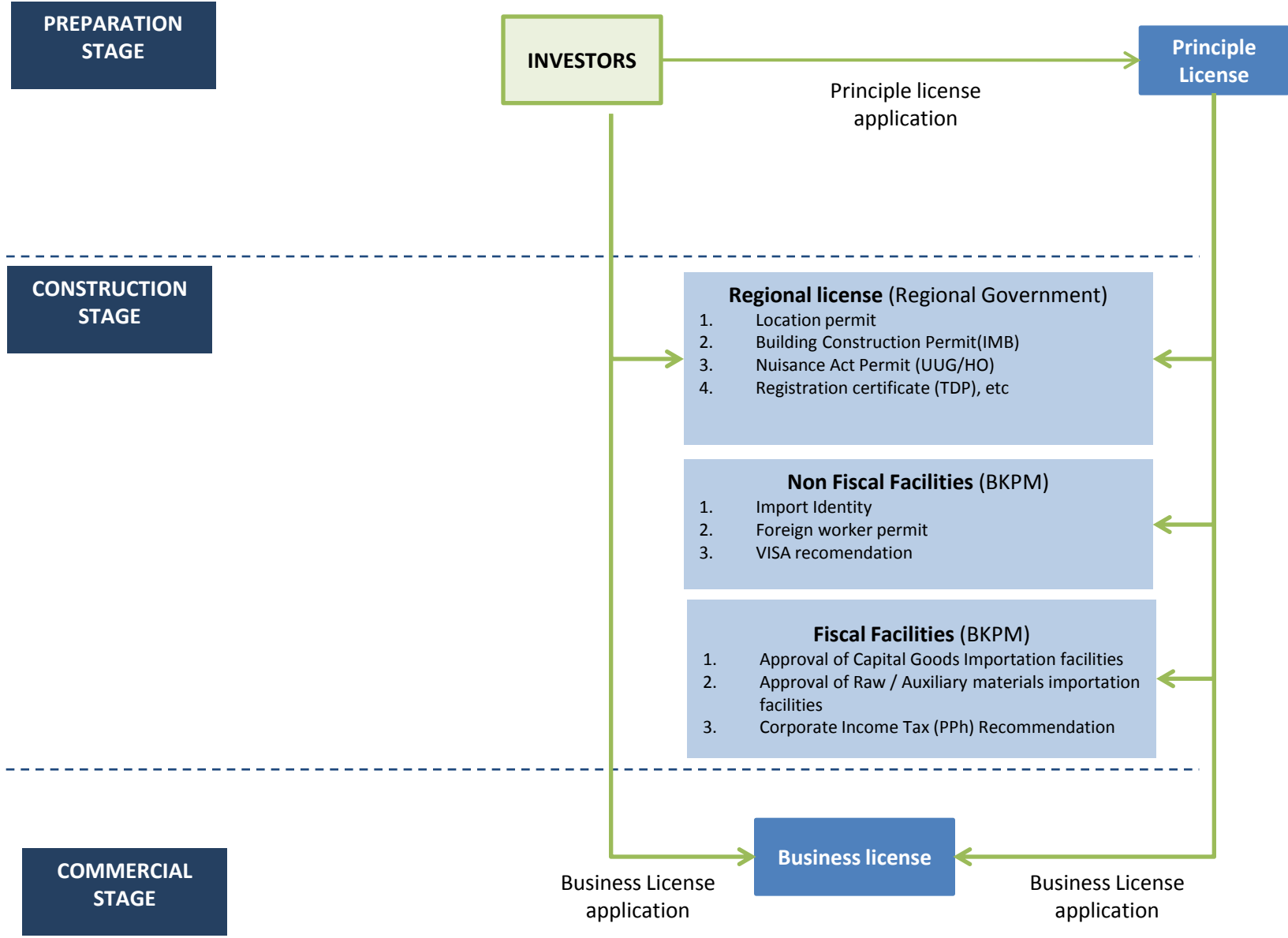
1. List of Limited Business Fields
2. Sample of Negative List of Investments

#### FISCAL INCENTIVES

1. Tax Allowance (Income tax reduction for investment in certain business and fields and/or certain region)
2. Import Duties Facilities : tax exemption for import machinery, goods and material for business activities with some condition
3. Tax Holiday : government provide tax exemption
4. Incentives by Regional Government



# Investments Guidelines: Investment License Procedures





## Standard Operating Procedure (SOP) for Investment License

License Procedures	SOP (Days)								
	1	2	3	4	5	6	7	15	
Registration of Investment	1								
Investment Principle License		2	3						
Permit of Investment Expansion			3						
Investment Principle amendment				4	5				
Foreign Company Representative Office Permit (KPPA)					5				
Business License						6	7		
Business License for Expansion							7		
Business License for Company Merger								15	
Business License amendment						6			
Producer Importer Identification Number (API-P)				4					
Approval for Facilities Exemption of Import Duty							7		
Corporate Income Tax (PPh) Recommendation					5				
Tax Holiday Recommendation								15	



## LAW OF THE REPUBLIC OF INDONESIA NUMBER 25 OF 2007 CONCERNING INVESTMENTS

### Investment Law No. 25 of 2007

#### **EQUAL TREATMENT**

- Accord equitable treatment to domestic investors and foreign investors with due regard to the national interest

#### **FREE TO REPATRIATE INVESTMENT & PROFIT**

- Investors shall be granted the following rights to transfer and repatriate in foreign currencies

#### **BUSINESS SECTOR**

- All business sectors or business types shall be open to investment activities, except for business sectors or business types that are declared to be closed and open with requirements.

#### **INVESTMENT FACILITIES**

- The Government shall grant facilities to investors who make investments
- Fiscal Facilities and Non Fiscal Facilities

#### **INVESTMENT SERVICES**

- In order to coordinate the implementation of policies and investment services, the Investment Coordinating Board has the duty and function, among others, coordinate and implement the integrated one-stop service





## Negative List of Investment– Presidential Regulation Number 36 Year 2010

### List of Limited Business Fields

- **Absolutely Closed Business Fields**
- **Business Fields Open with conditions:**
  - a. Reserved for Micro, Small and Medium Enterprises and Cooperatives
    - b. Partnership (Joint Venture)
    - c. Foreign Ownership
    - d. Certain Location
    - e. Special Permit
    - f. 100% Domestic Ownership
  - g. Foreign Ownership as well as Location
  - h. Special Permit and Foreign Ownership
  - i. Special Permit and 100% Domestic Ownership
  - j. Foreign Ownership Requirements and/or location for ASEAN Investors



## Energy and Mineral Resources Sector

No.	Business fields	KBLI	Conditions										Details of Conditions			Remark		
			a	b	c	d	e	f	g	h	i	j	c	d	e			
1.	Power Plant (< 1 MW)	35101	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	a. Reserved for Micro, Small, Medium Enterprises and Cooperatives
2.	Small Scale Power Plant (1-10 MW)	35101	-	√	-	-	-	-	-	-	-	-	-	-	-	-	-	b. Partnership
3.	Operation and Maintenance Service of Geothermal Facility	06202	-	-	√	-	-	-	-	-	-	-	-	Maximum 90%	-	-	-	c. Foreign Capital Ownership
4.	Geothermal Drilling Service	06202	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	d. Certain location
5.	Geothermal Power Plant	06202	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	e. Special license
6.	Oil and Gas Drilling Service Offshore Outside of Eastern Indonesia Territory	09100	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	f. 100% local capital
7.	Oil and Gas Drilling Service on Land	09100	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	g. Foreign Capital and Location ownership
8.	Operation and Maintenance Service of Oil and Gas Facility	09100	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	h. Special license and foreign capital ownership
9.	Power Plant Maintenance and Operation Installation Service	35104	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	i. 100% local capital and special license
10.	Power Plant (> 10 MW)	35101	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	j. Foreign capital ownership
11.	Nuclear Power Plant	35101	-	-	√	-	-	-	-	-	-	-	-	Maximum 95%	-	-	-	



## Transportation Sector

No.	Business fields	KBLI	Conditions										Details of Conditions			Remark	
			a	b	c	d	e	f	g	h	i	j	c	d	e		
1.	Container Transportation	49431	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%			a. Reserved for, Micro, Small, Medium Enterprises, and Cooperatives
2.	General Cargo Transportation	49431	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%			b. Partnership
3.	Dangerous Cargo Transportation	49432	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%			c. Foreign Capital Ownership
4.	Special Cargo Transportation	49432	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%			d. Certain location
5.	Heavy Equipment Transportation	49432	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%			e. Special license f. 100% local capital
6.	Sea Transportation: - Domestic	50111 50112 50113 50131 50132 50133 50134	-	-	√	-	-	-	-	-	-	-	-	Maximum 49%	-	-	g. Foreign Capital and Location Ownership h. Special license and foreign capital i. ownership 100% local capital and special license j. Foreign capital



## Health Sector

No.	Business fields	KBLI	Conditions										Details of Conditions			Remark	
			a	b	c	d	e	f	g	h	i	j	c	d	e		
1.	Pharmaceutical Industrial Business: - Raw Material Medicine Industry - Patent Medicine Industry	21011 21012	-	-	√	-	-	-	-	-	-	-	Maximum 75%	-			a. Reserved for Micro, Small, Medium Enterprises, and Cooperatives b. Partnership
2.	Business and Management Consulting Industry (Hospital Management Service)	70209	-	-	√	-	-	-	-	-	-	Maximum 67%	-			c. Foreign Capital Ownership d. Certain location e. Special license	
3.	Calibration Testing, Health Equipment Maintenance and Repair Service	71204	-	-	√	-	-	-	-	-	-	Maximum 49%	-			f. 100% local capital g. Foreign Capital and Location Ownership	
4.	Acupuncture Service	86901	-	-	√	-	-	-	-	-	-	Maximum 49%	-			h. Special license and foreign capital ownership	
5.	Supporting Health Service (Assistance Service in Health Assistance Evacuation and Patient Evacuation in Emergency situations)	86903	-	-	√	-	-	-	-	-	-	Maximum 67%	-			i. 100% local capital and special license j. Foreign capital ownership requirement and/or location for capital investment from	
6.	Drug Producer (Pharmaceutical Industry):	21012	-	-	-	-	√	-	-	-	-	-	-	Special License			



## Public Work Sector

No.	Business fields	KBLI	Conditions										Details of Conditions			Remark
			a	b	c	d	e	f	g	h	i	j	c	d	e	
1.	Construction Service (Construction Implementation Service) using Simple Technology and/or Low Risk and/or Work Value up to Rp. 1.000.000.000,-:		√	-	-	-	-	-	-	-	-	-				a. Reserved for Micro, Small, Medium Enterprises and Cooperatives
	- Cleaning and Preparing Land Work for One or Two Storey Buildings	41011														b. Partnership
	- Construction work for warehouse or industrial plant	41013														c. Foreign Capital Ownership
	- Construction work for Commercial Building	41014														d. Certain location
	- Construction work for Health Facility Building	41015														e. Special license
	- Construction work for Education Facility Building	41016														f. 100% local capital
	- Construction work for Hotel, Restaurant and the like	41017														g. Foreign Capital and Location Ownership
	- Construction work for Public Entertainment Facility	41018														h. Special license and foreign capital ownership
																i. 100% local capital and special license
																j. Foreign capital ownership



## General Facilities and Incentives

### Taxes

#### Tax Allowance:

Based on Government Regulation No. 1 Year 2007 jo. No. 62 Year 2008 jo.No. 52 Year 2011:

- ✓ Reduction of net income for 30% from total amount of investment, charged in 6 year with each 5% per year.
- ✓ Depreciation and amortization accelerated to fixed intangible assets (building and non-building)
- ✓ Income Tax on dividends paid to foreign tax subject to 10% or a lower rate according to double taxation avoidance agreement
- ✓ Compensation for losses of more than 5 years but not more than 10 years.

#### Tariff reduction on Income Tax:

Based on Government Regulation No. 81 Year 2007:

- ✓ Reduction in income tax rates 5% of the highest level (from 25% → 20%) if at least 40% of the total paid-up shares are traded on Indonesia's stock exchanges or paid-up shares publicly owned for at least 300 party.



## Taxes

**Tax Holiday:**

Based on Ministry of Finance Regulation Number 130/PMK.011/2011, 2011:

- ✓ Tax exemption for a period 5 to 10 years after a company or project begins commercial production (100% realization and have the permanent licence/IUT). Following this period, could offer an additional 50% corporate income tax reduction for 2 years after the tax holiday period (12.5 % of income tax for 2 years).
- ✓ Five priority business sectors: **basic metals, petroleum refineries and/or basic organic chemicals derived from petroleum and natural gas, machinery industry, renewable resources industry, and telecommunications equipment industry.**
- ✓ The requirements are: minimum investment Rp. 1 trillion; having been legalized at least 12 months before the Regulation on Tax Holiday been issued; and must deposit at least 10% of the proposed investment in an Indonesian Bank.



## Continued

### Import Duty

Based on Ministry of Finance Regulation No. 176/PMK.011/2009 Jo  
Ministry of Finance Regulation No. 76/PMK.011/2012

- Exemption of import machinery, goods and materials for business activities in the field of industry that produces goods and / or industries that produce services for new project as well as expansion projects. Term of import 2 years and it can be extended.
- Exemption of import machinery, goods and materials given as long as:
  - ✓ Not yet produced domestically
  - ✓ Produced in the country but do not meet the required specifications, or
  - ✓ Have been produced within the country but not yet sufficient for industry needs

### Other Incentives

Various investment incentives or facilities will be provided by local governments, based on Government Regulation Number 45 Year 2008 On Guidelines for Granting Incentives and Grants Ease Investment in the Region.





THANK YOU

**CONTACT US**

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