

Business News

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QUO VADIS GOLKAR PARTY?

After encountering leadership conflict so long, Golkar Party finally has definitive general chairman. Reportedly Setya Novanto was elected as General Chairman of Golkar Party for the 2014-2019 period on Tuesday (17/5). Opinions come in response to the election of Novanto deemed as controversial figure by parties.

Totally it is important to spotlight the reality in relations to the possibilities of the change in political configuration in the structure of Work Cabinet and other possibilities related to the future of Golkar Party. In the grand frame, relations between Golkar Party and people becoming loyal supporters of the party so far would also be spotlighted automatically.

Undeniably Setya Novanto is a figure drawing numerous spotlights from various parties in the last several months. It started from the his presence in the campaign of Donald Trump, American president candidate from Republic Party to case "Dad demands shares" which utilized names of President Jokowi and Vice President Jusuf Kalla. In relations to the first case, Novanto secured a sanction in the form of warning from the Honorable Council of the parliament, while in the second case, the Honorable Council declared him guilty for the violation of code of conduct. To the best of our beliefs, Novanto finally decided to resign from Speaker of the House of Representatives before the sanction was imposed. Another case also recorded properly in the mind of the public was the summon submitted by KPK to him as a witness in corruption cases, such as bribery case PON Riau and Akil Mochtar.

However, the incidents apparently did not reduce the support of voters in the election of the General Chairman of Golkar Party, which was held in Nusa Dua, Bali. Consequences of the reality are attractive to observe. Surely Golkar has specific consideration to elect Novanto as the general chairman. To date,

the choice should be appreciated even though attractive interest need to be spotlighted given that Golkar and other political parties constitute institutions wherein greater interest exists, not only interest of cadres of the political party. A number of observes directly shifted their opinions to Work Cabinet Jokowi-JK. Cabinet reshuffle is most likely to change cabinet configuration and structure with the incoming of cadres of Golkar Party. The government also supports Novanto. The demand of President Jokowi expecting Golkar Party may be interpreted as the opening of cabinet door for Golkar cadres.

Another issue attractive to observe is the impact of the election of Novanto (cadre with a number of notes already mentioned above) in relations to struggle for the people's support in the forthcoming legislative election in 2019. On one side, Novanto is accepted because he is deemed as a figure capable of uniting Golkar executives involved in conflict in the last several months. From the internal interest of Golkar Party, the choice is surely good. However, on the other hand, could it ascertain the returning of the people's support to promote Golkar as the winner of election in? Isn't there worry that Golkar starts to play gamble or put its future at stake in the front of the people? Aren't relations with the people, which are built on the basis of trust, more important than eyeing power seat in administration?

Surely time would answer the whole questions. Regardless of the reason, it is important to disclose the questions now because in political parties, there is always right and interest of the people, including exemplary from leaders. However, Golkar Party has determined choice. The choice seeming close to short-term interest should be appreciated.

Jakarta, May 19, 2016

INDONESIAN CHAMBER OF COMMERCE AND INDUSTRY: CREATIVE INDUSTRY CAN BOOST ECONOMIC GROWTH

Jakarta, *Business News*

Creative industry is one sector which is prospective to be further developed. In many countries, industry that focuses on creativity has become one of the sectors that generate a lot of foreign exchange and absorb many workers. The velocity of money generated from this industry reached Rp.642 trillion today.

Rosan Perkasa Roeslani, General Chairman of Indonesian Chamber of Commerce and Industry (Kadin Indonesia), in Jakarta, on Wednesday (May 18), said that in addition to contributing positively to increased economic growth, labor absorption, and foreign exchange inflows, creative industries can also be a means to enhance national identity. Currently, there are 16 sub-sectors that will continue to be developed, i.e. performing arts, fine arts, television and radio, gaming applications, architecture, interior design, visual communication design, advertising, music, publishing, photography, product design, fashion, animated films and videos, handicrafts, and culinary.

Rosan said that last year the contribution of

creative industries to Gross Domestic Product (GDP) is around 7.05% or Rp642 trillion. It is mentioned that the contribution comes from culinary business at around 32.4% followed by fashion 27.9% and handicrafts 14.88%. Moreover, creative industry occupies the fourth position in labor absorption, which reached 11.8 million people in 2015.

He sees that creative industry has become a new magnet in many countries because it gives a real contribution to economic growth. Currently, he said, the nation is witnessing rapid advances in information technology, advertising, and architecture. In addition, Indonesia has traditional wealth, batik, weaving, and other local wisdom.

He said that Kadin Indonesia as a partner of the government in the field of trade and industry will continue to promote capacity building, technical assistance, technology, entrepreneurship management, and production.

In addition to Kadin Indonesia, Creative Economy Agency (Bekraf) also said that it will continue

to encourage creative economic products to penetrate the export markets through exhibition activities abroad. Deputy Chief of Bekraf, Ricky Pesik, said that to perform exhibitions abroad, the agency can



work with the Ministry of Trade which has exhibition booths in 12 countries as a means of promotion for export purposes.

Bekraf has the funds to support exhibition activities abroad, but with the existence of such co-operation there is no overlapping between agencies. Creative economic players can also take advantage of Indonesian Design Center to develop their products. Related to the strengthening of networking, he expects that economic operators will have IP and register it with Bekraf. By doing so, any existing policies or developments related to creative industries can be delivered to creative industry players.

Bekraf is targeting labor absorption from creative economy sector to reach 12.4 million people

by 2016 and 13 million people by 2019. To support these targets, Ricky said that Bekraf invited various IT-based companies such as Tokopedia.com, Blibli.com and sribu.com besides PT Modern Sevel Indonesia as a partner for organizing training programs.

Through training, Ricky believes that creative industry can create new jobs for housewives without having to leave the house and at the same time the government prepares mothers to accompany the next generation of children whose life is fully in the digital world. And, those trained in the program, Ricky said, are housewives who were born in 1980-1990, mostly highly educated millennial mothers who grew up with the development of technology. (E)



MINISTER OF INDUSTRY INVITES ENTREPRENEURS TO STRENGTHEN INDONESIAN PRODUCT BRANDING

Jakarta, *Business News*

Minister of Industry Saleh Husin invites employers and the society in general to participate in strengthening Indonesian product brands. This is done in line with the enforcement of national industry and strengthening program, so industry players will produce quality and competitive products.

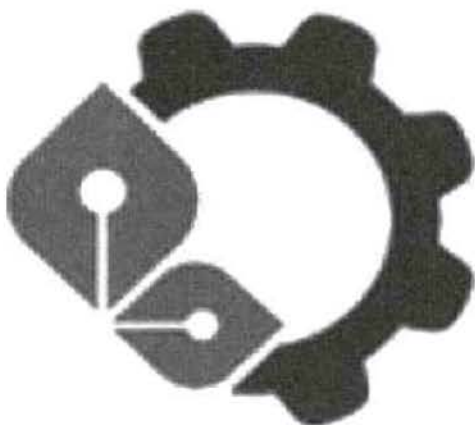
In addition to boosting the ability of the manufacturer in terms of production and marketing, efforts aimed at the same goal can also be done while doing consumption activity. It is done through applications in everyday life. "For example, coffee and chocolate. In order for Indonesian coffee to be increasingly recognized, if we were in the coffee-shops in Indonesia and overseas, order coffee by saying "May I get an order of Indonesian coffee please, for example, Gayo, Kerinci, Toraja, Kintamani," he told participants of the National Conference (Musyawarah Nasional) VIII of Association of Indonesian Indigenous Entrepreneurs (HIPPI) in Jakarta, (May 16). The minister was present to represent Indonesian Vice President Jusuf Kalla at the National Conference on "The Future of Domestic Products, The Future of Indonesia."

If this is done by many consumers consistently and repeatedly, the owner and manager of the coffee shop will provide more supply of coffee, chocolate and other Indonesian products. He believes that coffee shop, like any other business, have a market study and analyze consumer demand.

"In the end, coffee produced by Indonesian farmers will be more widely purchased by business operators. The impact is that it is more profitable for coffee farmers and coffee processors. So we should always be proud and buy Indonesian products," he said. The minister acknowledged that efforts to increase sales of products must be done in various ways, including simple ways involving daily habits.

Similarly with other national products. While traveling to other regions and foreign countries, we frequently bring handicraft products as gifts for friends and relatives. This is an opportunity to introduce more Indonesian products to the outside world specifically, and vice versa.

Furthermore, Minister Saleh asked all officials and members of HIPPI to jointly support and succeed the program of Increased Use of Domestic Products (P3DN). The form of support is done by using do-



**Kementerian
Perindustrian
REPUBLIK INDONESIA**

mestic goods or services and providing quality goods and services to substitute goods that were previously obtained through imports.

"With the majority of members of HIPPI consisting of small and medium industries (SMI), it is expected that the progress experienced by members of HIPPI through P3DN program will have a major impact on the progress of the national economy, particularly in terms of employment and poverty alleviation," said the Minister of Industry.

The Government through the Ministry of Industry has implemented SMI development program through increasing the number of SMI business units by one percent per year or 30 thousand units of SMI business per year, and increasing employment an average of three percent per year. The program is car-

ried out in order to achieve these objectives, including the provision of incentives to industries, improvement of SMI access to financing, marketing cooperation between agencies and standardization for SMI, as well as eliminating policies that impede.

"The challenge that we are facing today is not easy. In this case, the implementation of ASEAN Economic Community has been running, and we are faced with the invasion of products from other countries in the Southeast Asian free market," he said. However, the Minister of Industry is optimistic that with cooperation and mutual support between the Government and employers, including HIPPI, the national industry is able to face and overcome these challenges. (E)



THE MINISTRY OF INDUSTRY – UNIDO SIGN MOU FOR 13 PROJECTS WORTH USD 40 MILLION

Jakarta, *Business News*

The Ministry of Industry and the United Nations Industrial Development Organization (UNIDO) had their commitment to foster collaboration in the industry sector. The collaboration included 13 projects worth USD 40 millions or equal to Rp528 billion based on Rupiah exchange rate value of Rp13,200 per USD. The commitment was signified by signing of UNIDO-Indonesia Programme 2016 – 2020 by the Minister of Industry Saleh Husin and Dir. Gen of UNIDO Li Yong in Jakarta (16/5).

"Today 5 projects are underway at the value of Rp30 billion or USD 17,48 million. Eight other projects are still in process," the Ministry informed. The five projects were fishery industry capacity upgrading, efficiency of energy in the industry sector, introduction to Industrial wastage treatment management, efficiency in clean products resources and application of renewable energy.

In the future, eight projects to be developed were: increased added value of seaweed in Sumenep, East Java; to increase tempe production output, to promote energy efficiency in small-and-medium industry; to introduce Best Available Techniques (BAT) and Best Environmental Practices (BEP) and Thermal Heating in metal industry at Eurocopter Southeast Asia (ESEA).

Other projects were: reduction of use of Mercury at Gunung Botak Mining Area, Maluku; to step up application of Environmental Performance in the Extruded and Expanded Industry; to conduct training

for heavy equipments maintenance and Commercial Vehicles; inter-zone commercial collaboration. In that occasion was also present the Director General of International Industry(KPAII) Achmad Sigit Dwiwahjono and Representative of UNIDO Jakarta Shadia Yousif Hajarbi.

According to the Minister of Industry, the UNIDO Country Program was in line with the Long Term Development Plan 2005-2025 and National Industry Development Policy 2015-2019. "Hopefully commitment of the donor countries would be supported by intensive communication by the related stakeholders" the Minister stated. The four thematic plans were in parallel with various projects identified in UNO – Indonesia Country Programme in accordance with Long Term Development Plan (RPIP) 2005-2025 and the Policy of National Industrial Development Plan (KPIN) 2015-2019.

Top Ten Manufacturer Producer Countries

The Director General of UNO Li Yong admitted Indonesia was able to maintain positive growth even in time of global crisis." According to UNO report Indonesia is now in the position of Top Ten Manufacturing Countries of the World" Li Yong said.

Based on statistical Report entitled "International Year Book of Industrial Statistics 2016" Indonesia managed collaborations in industry and played the role to obtain support from donors internationally in collaboration programs in technology schemes up by the Ministry of Industry and UNIDO. (SS)

BAPETEN NOT SOLELY RELYING IAEA ASSISTANCE

Jakarta, *Business News*

The Nuclear Inspection Board (Bapeten) was not solely relying on IAEA assistance to build a nuclear inspection system. Bapeten was on the frontier line with the Sea Security Council (BAKAMLA) in inspecting transportation in radio active components passing through Indonesian waters. "We may expect technical assistance from IAEA, but must also do our own procurement.

"Nuclear inspection is a necessity" Deputy of Permit Issuance Department (PI) of BAPETEN Khoirul Huda told *BusinessNews* (17/5). Suspicion of illicit trafficking of Radio active materials was constantly anticipated. BAPETEN had installed Radiation Portal Monitoring System (RPM) in some harbors including a container terminal in Bitung, North Sulawesi. This RPM was a scanner instrument to detect radio active materials in containers at harbors. "IAEA give assistance in the form of hardware, physical assistance technical aid. IAEA conduct training for the personnel. Three harbors had been given assistance, i.e. Bitung, Belawan, and Makassar."

Meanwhile Senior Secretary of Bapeten Hadi Tjahjono stated that the issue of nuclear security was something new, so IAEA and some nuclear inspection bodies of some countries including Bapeten had not made any benchmarking. "Only review mission by IAEA. The IAEA delegates came to Indonesia to see to what extent readiness had been done. In terms of safety, there was already benchmarking among member countries. The criteria was varied from quality of personnel to intensity of handling" Hendriyanto told *Business News* (17/5).

The effort to inspect nuclear must be well coordinated with other institutions. Many aspects of nuclear inspection needed intensive effort and coordination. The nuclear security issue was now the

focus of attention by stakeholders internationally as consequence of the Nuclear Security Summit. The process of review was mainly qualitative."

On the other hand Bapeten would step up nuclear security system in Presidential palaces by Radiation Portal Monitors (RPM) not just in the Presidential Palace in Jakarta but also in Bogor and Cipanas, West Java, Tampaksiring, Bali and Gedung Agung Yogyakarta. "Operational technicians are being prepared and training would be given to 260 Presidential guards," Head of Bapeten Jazi Eko Istianto told *Business News*.

RPM was a detection system installed permanently, stationary or mobile. The detector instrument would automatically screen gamma and neutron radiation on pedestrians, vehicles or train passing through the detector line. RPM would signal information to front line officers (FLO) on the presence of radio active waves. "RPM at the Palace is to protect the President, this is recommendation by President Joko Widodo himself."

Ever since nuclear security issue was the world's focus of attention, all countries were serious about enhancing security to prevent smuggling of forbidden items including nuclear. Considering Indonesia as an archipelago, surveillance was also necessary in inter-insular ways. "About installing RPM in wharfs and small harbors, we will coordinate with Bakamla, the Marine Security Board."

Harbors where RPM were installed were among others Batu Ampar Batam, Tanjung Priok Jakarta, Tanjung Perak Surabaya, Belawan North Sumatra, Bitung North Sulawesi, Soekarno-Hatta Makassar, and Tanjung Emas Semarang. "We have implemented I-concept, preparing the knowledge and the human resources. In case of potential accident, it could be mitigated, material loss and human life risk could be minimized." (SS)

INDONESIA'S PALM PLANTATION IS REFORESTATION

Jakarta, *Business News*

Expansion of palm plantations in Indonesia was indeed reforestation to judge by the origin of land, space planning and forest by FAO definition. The public perception was that palm plantation expansion was deforestation. And yet from various angles it was hard not to admit that palm plantation was reforestation. Information from PASPI on Tuesday (17/5) stated that at least there were 4 points to define that Palm plantation was reforestation.

Firstly, the definition of forest had changed internationally. What was called "forest" was no longer primary forest; or else in Europe and the USA there was no area that could be called forest because primary forests had disappeared there. FAO defined forest as "land with minimum expanse of 0.5 hectare, with matured trees of 5 meters high and land cover of more than 10%. By FAO definition all countries (except Indonesia) had registered all their gardens, yearly plantation, city forest and greeneries on avenue median, as forest.

To refer to FAO definition on forest, palm and rubber plantations were called forest. Meaning a piece of land being planted with palm or rubber was a process of reforestation. Once the Ministry of Forestry adopted FAO definition to define palm and rubber plantation as forest.

Secondly to define forest by the stock of carbon as adopted by forestry and ecology experts. Deforestation was when a certain area of land had higher stock of carbon converted into other plantations or other sectors of lower stock of carbon. On the other hand if a land of low stock of carbon was changed into other plantation of lower carbon it was called

reforestation. Agricultural land changed into forest, palm plantation or rubber plantation was called reforestation.

Indonesia's palm plantations based on Satellite data (Gunarso 2012) discovered that around 71% of reforested land in Indonesia originated from foliage; the remaining 29% was from degraded forest left by HPH. As a whole, Indonesian palm plantations were reforestation.

Thirdly, administration wise Law No 26/2007 on space planning among others regulated that Indonesia's greeneries consisted of protected forest and cultivated forest. By that Law, there was no forest in olden days, the Dutch colonial era. The protected forest was habitat of wild animals and conservation of bio-diversity and shield of nature. As the function was irreplaceable, protected forest must not be changed into other sectors. Cultivated forest included production forest, HTI, plantations and other sectors. Administration wise, the change of productive forest into palm plantation or vice versa was not deforestation but conversion.

Palm plantation was located in cultivated forest. The origin of palm plantation in Indonesia today was 71% converted agricultural land and neglected land in cultivated land area. The remaining 29% was from production forest which was damaged due to logging by concession holders. As they were both in cultivated land, administratively expansion of palm plantation was not deforestation.

Fourthly, in an eco-system the function of land was important and irreplaceable as "the world's lungs". Plantations, whether they were forest of cultivated plantations like palm, rubber etc were endowed with photosynthetic capability which absorbed

carboin dioxide (CO₂) from the air and transform it into oxygen (O₂) The faster the plant grew the more CO₂ was resulted. For that "lung:" function palm was equally fruitful as forest plants.

Today the global eco system was under pres-

sure by high concentrate of CO₂ on earth atmosphere due to burning of oil as fossil energy causing change in global climate and global warming, To shield off the earth from CO₂, more greeneries should be planted to sve the earth from global warming.(SS)



BSD CITY TO RELEASE RP3 TRILLION BONDS FOR LAND CLEARING AND BUSINESS EXPANSION

Jakarta, *Business News*

To support company's expansion effort, PT Bumi Serpong Damai Tbk planned to tun Initial Public Offering I and II to the amount of Rp 3 trillion. In phase I 2016 BSDE planned to issue some bonds worth Rp 3 trillion, In phase 1-2016 BSDE would issue bonds worth Rp 1.5 trillion consisting of Serie A with tenure of 5 years and serie B with tenure of 7 years.

The Director of BSDE Hermawan Wijaya stated that the fund from bond issuance would be spent on land clearing, building residential projects and business capital. The guarantee of this obligation was land or building belonging to company worth 100% of principal bonds issued.

The breakdown: around 40% of bond issuance would be spent on land clearing and building BSD City, around 40% on housing projects, commercial centers office buildings, infra structure at BSD City and the remaining 20% for capital including among others operational expenses etc. "This bond would offer 9% coupon for serie A and 9.25% coupon in serie B." Hermawan said.

PT Perfindo Rating Agency had given rating of idAA for this Bond. According to Perfindo, this rating was supported by the position of BSDE which was strong. BSDE was noted as having enough stock of land.

Product wise, BSDE had various portfolio products including housing, apartment, land, shop-houses, land for industry office spaces, hotels, shopping centers and recreation centers.

In terms of portfolio distribution, BSDE had projects in Serpong, Cibubur, Jakarta and Bekasi.

BSDE was also making expansion to big cities in Indonesia like Balikpapan, Samarindam Manado, Palembang, Semarang and Surabaya.

BSDE financial position was also strong to support this bond issuance projects, Per December 31, 2015 company's cash was posted at Rp 6.10 trillion with total asset of Rp 36 trillion and total equity of Rp22,09 trillion.

In terms of performance, company's income came to Rp6.20 trillion per December 2015 with net profit of Rp2.13 trillion. By December 2015 BSDE made profit before tax nearly 4 times which means that company's profit could pay credit interest 4 times which means the company had sound fundamental condition to rest on.

PT Bumi Serpong Damai Tbk was the developer of BSD City, the biggest satellite city in Indonesia and Sinar Mas Land covering 6,950 ha consisting of residential zone and business center. In 2011, BSDE had engaged 3 affiliated companies, namely PT Duta Pertiwi Tbk, PT Sinar Mas Teladan and PT Sinar Mas Wisesa.

This acquisition was expected to step up BSDE performance particularly in terms of business income. Strengthening was executed in 2013 through formation of 3 subsidiary companies i.e. PT Bumi Parama Wisesa, PT Praba Selaras Pratama (BSD & AEON Japan) and PT Indonesia International Expo.

The latest corporate action was in Q-1 of 2015 by making private placement worth Rp 1.65 trillion and to issue bonds in USD denomination worth USD 225 million through subsidiary companies. Hard cash obtained would strengthen BSDE reserves for grabbing potential business opportunities.(SS)

FLOOR TILES NEED CERTIFICATION TO STRENGTHEN COMPETITIVE EDGE

Jakarta, *Business News*

The Main Ceramics Workshop of the Ministry of Industry pursue certification for floor tiles at home to step up product competitiveness, Supomo Head of Workshop stated in Jakarta on Tuesday (17/5) that certification of ceramic products was necessary to be competitive nationally and internationally.

He mentioned that so far there were already 40 national ceramics brands which were SNI certified and the number could increase as the number of ceramics producers grew. He further said that the ceramics factories at home which were certified had applied the most sophisticated technology in ceramics making to be internationally competitive.

About raw materials, most of national ceramics producers were now relying on import. Although raw materials were abundant in Indonesia they were mostly iron contaminated. In terms of purity, raw materials obtained from volcanics were iron contaminated so further refinery process was needed which means extra cost,

Today national ceramics industry recommended production of heat-resistant bricks using aluminium waste. Supomo said he was doing research and development on aluminium waste to become heat resistant bricks.

Admittedly today in Indonesia producers of heat-proof bricks was still few while demand was

quite high, so very frequently the need for heat proof bricks was imported from Japan Italy or Korea. The cost needed to process waste was not small, but it would soon bring multiplied profit when processed into product.

Besides BBK was collaborating with PT Pendekar Duia Nama in developing geopolimer bricks. He said that geopolimer bricks relied on the process of polymerization of materials in brick making. Cement was needed in making concrete bricks but it was not needed in making geopolimer bricks. He said that geopolimer bricks had the same quality as concrete bricks but the cost was cheaper.

Meanwhile Head of R&D Dept of the Ministry of Industry Harris Munandar disclosed that he would strive to minimize dependency on imported raw materials for ceramics.

Moreover Harris said that Indonesia treasured sizable deposit of raw materials for ceramics. Therefore downstreaming was one of the prioritized projects, strengthened by the policy to prohibit export of raw materials.

Harris was optimistic that in the future national ceramics industry would develop further being supported by property development in Indonesia especially for floor tiles and glass. In 2016 Indonesia was the sixth biggest tile producer in the world next to China, India, Brazil, Spain and Iran. (SS)

MARITIME SECTOR'S CONTRIBUTION TO NATIONAL ECONOMY INCREASES

Jakarta, *Business News*

The Ministry of Maritime Affairs and Fishery (KKP) informed that economic contribution of KKP from non-tax income of GDP was posting increase, KKP reported that the income increased by Rp 3 billion, with pemium issuance for fishermen boat in Belawan Noth Sumatra.

By May 2016 Belawan Center issued 11 business permit, 30 fushery guidbooks, and 30 fishing permit. From the issuance money collected was Rp3 billions broken down as Rp2,873 milliion from fishery yield collection, and 30 permits. "There was increase of Rp3 billion from Belawan operations" Narmoko Prasmudji was quoted as saying on Tuesday (17/5).

Narmoko explained that opening of service center was an effort to manage size of ships and fish resources at sea.

KKP reported that yeld of hooked fish was posted ay 7 million tons in 2015. Increase of catch

was thanks to Government strict action on illegal fishing.

KKP was optimistic that production of hooked fish in Indonesia came to 8 million tons in 2016, an increase of 14.3% against last year. Narmoko added that this year KKP would regulate and contol fishery activities for big and small fishermen alike.

Beside PNB GDP contribution to fishery was growing as well. BPS noted that economic growth in the fshery sector increased; in Q-1 /2015 GDP of the fishery sector was 8.64%, up against Q-1 2014 at 7,46%.

It was reported that the fishery sector grew higher annually compared to agrticulture, farming forestry and logging.

As altrnative he said to increase fishery products could be from cuitivation sub-sector. Ideally production in 2016 should increase threefold or even fourfold agaiinst 2014 provided that the Government assured affordable animal feed and healthy sea(SS)

PRESIDENT'S VISIT TO SOUTH KOREA DRUM UP INVESTMENT WORTH USD 18 BILLION

Jakarta, *Business News*

The Indonesian Chamber of Commerce (KADIN) had their commitment to take sound measures to promote investment to Indonesia. In his technical visit to South Korea with President Joko Widodo, chairman of KADIN Rosan P. Roeslani and KADIN delegates witnessed signing of MoU between businessplayers of South Korea and Indonesia.

"South Korea was Indonesia's strategic partner in economy, trading and investment. Signing of

MoU was done

between In-

donesian and

South Korean

delegates in a

Business Fo-

rum," Rosan

stated (16/5).

President Joko

Widodo wit-

nessed signing

of the docu-

ment in maritime

affairs, creative

industry, anti-corruption, restoration of peatland,

defence, exclusive economic zone, energy develop-

ment, and mineral.

Vice Chairman of KADIN Shinta Widjaja Kamdani stated that 9 investment project signed was worth USD 18 billion. "The Investment worth USD 18 billion was KADIN's strong commitment to promote foreign invesment in Indonesia. The same collaboration was exrrcised between Indonesia an Uni Europe. Statgic partnership would be enhanced with

South Korea" Shinta said.

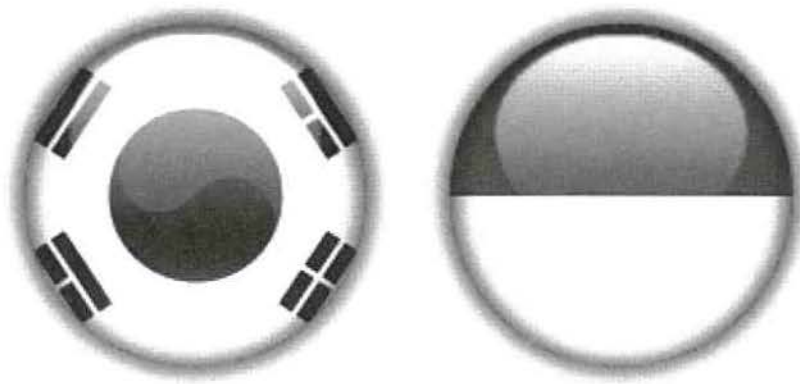
Data oif BKPM had it that in QW-1 of 2016 South Korea was in 6th position in the list of investors investing in Indonesia with investment worth USD 188 million consisting of 435 projects employing 28,349 workers, Last year investment from South Korea was posted at USD 1.2 billion, growing by 7.6% over the same period the year before. Through 2010-2015 investment from Korea came to USD 8 billion. In that period the prevalent sector was metal industry at 45%.

The MoU of 9 projects between Indone-sia an South Korea was as follows:

1. Lotte Chemi-cal, integrated Naptha Craker project with es-timated invest-ment of more

than USD 4 billion.

2. KOGAS, infra structute for gas, LNG storage and DME with investment commitment worth USD 10 billion. MoU with POPE, a regional company in mining and energy and additional project of 43 km gas from Tanjung Api Api to Bangka Island wiith investment growth worth USD 600 million.
3. CJ Grioup: investment plan for the next 5 years



worth USD 2.1 billion in various industries including Creative Industry.

4. Komipo, Samtan, PT Indika Energy and Marubeni consortium for third expansion at Cirebon 660 MW worth USD 1.27 billion.
5. Komipo, Posco Engineering and PT Sulindo Putra Timur for 50 MW Hydro power plant in Lawu Timur, Southeast Sulawesi for project worth USD 230 million.
6. Komipo, and PT Mega Bali Energi for Waste-to-Energy Project at Kota Bali with investment worth USD 140 million.

7. Daewong Infion investment in bio-pharmaceutical and building of R&D Center with investment worth USD 100 million.
8. Korbi and PT Coffindo investment in solar energy in Medan, North Sumatra worth estimated investment of USD 100 million.
9. Parkland, investment commitment for shoe factory industry in Jepara with additional Investment of USD 83.5 million and to recruit manpower of 20,000 people.

(SS)

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FINANCIAL SERVICE INDUSTRY URGED TO CONTRIBUTE MORE TO SMALL BUSINESS DEVELOPMENT

Jakarta, *Business News*

The Financial Service Industry was urged to contribute more to small business (UMKM) development and step up competitiveness toward Asean Economic Community (MEA).

To promote Financial Service Industry OJK adopted 2 things, firstly to step up UMKM capability, to develop regional economy, and to strengthen prioritized sectors. Secondly to enhance benefiting of the financial sectors for long term financing and to persuade corporates to function as locomotive to national economy. Chairman of the Board of Commissioner of OJK Muliawan D Hadad made the statement on the occasion of Indonesia CEO Talk under the theme of The Role of Financial Industry as propeller of National Economy in the AEC era in Jakarta on Tuesday (17/5).

By strengthening of the two sectors Muliawan felt certain that national economy could be promoted toward higher economic attainment in the future.

Muliawan stated that in spite of improved national economy "we must still be on the alert" because global economy was sensitive to turbulence in this ever changing world,

Indonesia's entry to AEC was in itself a positive thing because many institutions at the regional forum had offered conveniences and benefit to the financial service industry in Indonesia. If we don't join the club we will never enjoy tariff exemptions and we could not compete" Muliawan was quoted as saying.

Therefore the financial industry was demanded to be well prepared, particularly in preparing competent human resources.

Furthermore Muliawan said that there was big homework to be done ahead. In this case the Government must participate in the effort to strengthen competitiveness in the financial service sector in this era of openness. "I believe that the Government's economic policy package I to XII was beginning to show result and contribute to national competitiveness at AEC "

Muliawan remarked further that the effort to strengthen competitiveness in the financial service sector must be supported by many factors and the financial service sector was not the only determinant factor. "Competitiveness is the result of many factors because it was not only due to low bank interest but also the competence of workers and so forth. Therefore we have to be comprehensive in building competitiveness" he said. (SS)

PRICE REFERENCE OF COAL (HBA) AND COAL BENCHMARK PRICE (HPB) PER MAY 2016

Jakarta, *Business News*

HBA

HBA (US\$/Ton)		
Quality: CV = 6322 kcal/kg GAR; TM = 8%; TS = 0,8% ar; Ash = 15 % ar	51,20	FOB Vessel

HPB COAL MARKER

No	BRAND	Typical Quality				HPB MARKER (US\$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
1	Gunung Bayan I	7.000	10,00	1,00	15,00	54.66
2	Prima Coal	6.700	12,00	0,60	5,00	56.70
3	Pinang 6150	6.200	14,50	0,60	5,50	51.26
4	Indominco IM_East	5.700	17,50	1,63	4,80	42.16
5	Melawan Coal	5.400	22,50	0,40	5,00	42.44
6	Envirocoal	5.000	26,00	0,10	1,20	40.89
7	Jorong J-1	4.400	32,00	0,25	4,15	32.88
8	Ecocoal	4.200	35,00	0,18	3,90	30.35

Example HPB Other Coal Listed on Directorate General of Mineral and Coal

No	BRAND	Typical Quality				HPB (US\$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
9	Gunung Bayan II	7.000	12,00	2,00	10,00	51.43
10	Marunda Thermal Coal	6.600	11,00	0,50	10,00	54.91
11	Trubaindo HCV_HS	6.553	12,00	1,69	4,21	51.52
12	Medco Bara 6500	6.500	10,00	3,28	9,38	43.82
13	Trubaindo HCV_LS	6.423	11,50	0,71	4,76	54.50
14	AGM Waruba Coal	5.313	23,00	0,24	4,00	42.65
15	Pinang 6000 NAR	6.300	14,00	0,60	5,50	52.29

No	BRAND	Typical Quality				HPB (US\$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
16	Arutmin Satui 10	6.300	11,00	1,00	10,00	50.56
17	Arutmin Senakin	6.250	11,00	1,00	12,00	49.37
18	Arutmin A6250	6.250	10,00	1,20	12,00	49.12
19	Mandiri 1	5.200	25,00	0,60	7,00	38.33
20	Wahana Coal	6.200	12,00	0,90	10,00	49.63
21	Medco Bara 6200	6.200	10,00	4,00	12,00	37.52
22	Indominco IM_West/6500	6.171	15,50	0,76	5,22	49.97
23	TAJ Coal	6.200	10,00	1,00	14,00	48.72
24	Mandiri 2	5.100	26,00	0,60	7,00	37.22
25	Trubaindo MCV_LS	6.143	14,00	0,76	5,20	50.59
26	SKB Coal	6.130	9,00	2,20	17,00	42.71
27	Baramarta Coal	6.112	9,50	0,95	13,00	48.89
28	Arutmin A6100	6.100	11,50	1,00	12,50	47.72
29	Insani Coal	6.050	19,00	0,15	3,20	50.48
30	BCS Coal	5.915	15,10	0,56	9,40	47.41
31	Indominco IM_West/6350	6.029	15,50	0,71	5,22	49.12
32	Bangun Coal	6.072	10,02	2,20	14,91	42.53
33	Pinang 6000	6.000	16,00	0,60	5,00	49.17
34	Indominco IMM_MCVHS	5.970	15,50	1,65	5,05	44.99
35	Multi Coal Low	5.950	16,00	1,00	7,00	46.40
36	Multi Coal Middle	5.900	16,00	2,00	7,00	42.03
37	Pinang 5900	5.900	19,00	0,90	4,50	45.87
38	Arutmin A5900	5.900	12,00	0,90	13,00	46.10
39	Multi Coal High	5.765	16,00	3,20	7,00	36.23
40	KCM Coal	5.730	10,50	0,90	20,50	42.54
41	TSA Coal	5.700	18,00	2,00	8,00	39.14
42	Tanito Coal	5.700	17,50	1,00	8,50	43.20
43	Mahakam Coal	5.700	17,50	1,00	8,50	43.20
44	Ebony High Sulphur	5.700	18,00	1,75	4,70	41.46
45	Pinang 5700	5.700	19,00	0,50	5,00	45.84
46	IBP 5500	5.500	20,00	1,00	7,00	41.13
47	Arutmin A5700	5.700	11,00	0,80	14,00	45.06
48	BSS Coal	5.520	10,00	0,45	15,50	44.93
49	Lanna Harita Coal	5.500	22,00	1,00	6,00	40.56
50	Pinang 5500	5.500	21,00	0,40	5,50	43.65
51	Mahoni Medium Sulphur	5.500	20,00	1,30	4,70	40.85
52	Mahoni	5.500	20,00	0,80	4,70	42.85

No	BRAND	Typical Quality				HPB (US\$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
53	Mahakam Coal B	5.400	23,00	1,50	8,00	36.60
54	Mahoni B	5.300	22,50	0,80	4,60	40.32
55	Kideco Coal	5.125	24,50	0,10	2,00	42.06
56	Agathis	5.100	25,00	0,82	4,50	37.79
57	Lanna Harita Coal	5.000	27,00	1,20	6,00	34.13
58	IBP 5000	5.000	25,00	1,00	7,00	35.41
59	Sungkai Medium Sulphur	5.000	26,00	1,30	4,50	34.77
60	Sungkai	5.000	26,00	0,90	4,50	36.37
61	Sungkai High Sulphur	5.000	26,00	1,70	4,50	33.17
62	Arutmin A5000	5.000	22,40	0,54	8,90	37.64
63	AGM Warute Coal	4.350	33,00	0,40	4,00	31.66
64	IBP 4600	4.600	28,00	0,50	7,00	33.56
65	Bas Gumay Coal	4.400	35,00	0,50	4,96	30.39
66	IBP 4400	4.400	30,00	0,50	7,00	31.51
67	IBP 4200	4.200	32,00	0,50	6,00	29.38
68	PIC Coal	4.200	33,00	1,75	6,00	24.00
69	BIB 4000	4.000	38,00	0,50	6,00	26.03
70	Borneo BIB	3.800	41,00	0,40	5,00	19.14
71	AGM Warutas Coal	3.800	40,00	0,15	5,23	19.48
72	PKN 3500	3.520	43,40	0,15	3,40	16.97
73	BMPclenco32	3.200	48,00	0,50	5,00	14.11
74	LIM 3010	3.010	47,50	0,60	5,30	13.41
75	LIM 3000	2.995	50,10	0,60	5,30	12.65

Provision_:

1. The above price reference of coal was price of coal for spot transaction, for the period of May 1 to May 31, 2016
2. In the event that sales transaction was done in term basis price of coal would refer to the latest average 2 (three) benchmark price on the month when agreement was made with multiplier factor of 50% for the latest reference price, 30% for price of coal the month before and 20% for benchmark price of two months before.

(BN)

FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	MAY 19, 2016			MAY 18, 2016		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1.00	9,664.08	9,715.79	9,767.49	9,663.36	9,714.90	9,766.43
BND (Brunei)	1.00	9,696.09	9,747.41	9,798.73	9,655.37	9,704.55	9,753.72
CAD (Canada)	1.00	10,268.99	10,321.93	10,374.86	10,249.83	10,303.25	10,356.67
CHF (Switzerland)	1.00	13,561.38	13,635.43	13,709.48	13,490.79	13,565.25	13,639.70
CNY (China Yuan)	1.00	2,044.83	2,055.06	2,065.28	2,032.02	2,042.29	2,052.56
DKK (Denmark)	1.00	2,021.67	2,031.93	2,042.19	2,012.18	2,022.65	2,033.11
GBP (United Kingdom)	1.00	19,523.80	19,624.81	19,725.81	19,137.21	19,237.98	19,338.75
HKD (Hong Kong)	1.00	1,725.38	1,734.12	1,742.86	1,707.12	1,715.78	1,724.44
JPY (Japan)	100.00	12,179.60	12,243.30	12,306.99	12,134.42	12,198.58	12,262.73
KRW (Korean)	1.00	11.25	11.31	11.37	11.23	11.29	11.35
KWD (Kuwaiti Dinar)	1.00	44,356.17	44,607.65	44,859.13	43,895.33	44,146.67	44,398.01
LAK (Lao Kip)	1.00	1.65	1.66	1.67	1.63	1.64	1.65
MYR (Malaysia)	1.00	3,279.49	3,297.92	3,316.34	3,289.97	3,308.67	3,327.37
NOK (Norway)	1.00	1,608.30	1,616.83	1,625.35	1,617.18	1,625.61	1,634.03
NZD (New Zealand)	1.00	9,027.58	9,075.43	9,123.27	9,002.08	9,048.27	9,094.45
PGK (Papua New Guinea)	1.00	4,133.90	4,205.32	4,276.74	4,120.05	4,235.25	4,350.45
PHP (The Philippines)	1.00	285.41	286.93	288.45	284.68	286.19	287.69
SAR (Saudi Arabian Riyal)	1.00	3,572.29	3,590.63	3,608.97	3,532.92	3,551.50	3,570.08
SEK (Sweden)	1.00	1,604.83	1,613.13	1,621.42	1,602.30	1,610.68	1,619.05
SGD (Singapore)	1.00	9,696.09	9,747.41	9,798.73	9,655.37	9,704.55	9,753.72
THB (Thailand)	1.00	375.35	377.34	379.32	372.35	374.34	376.33
USD (United States)	1.00	13,400.00	13,467.00	13,534.00	13,252.00	13,319.00	13,386.00
VND (Vietnamese Dong)	1.00	0.60	0.61	0.61	0.59	0.60	0.60
EUR (Europe)	1.00	15,036.14	15,114.03	15,191.92	14,966.81	15,045.16	15,123.50

NOTE : The middle rate is based on Business News calculation

**EXCHANGE RATES BASIS FOR THE PAYMENT OF
IMPORT DUTY, VALUE ADDED TAX ON GOODS
AND SERVICES AND SALES TAX ON
LUXURY GOODS, EXPORT TAX AND
INCOME TAX FOR THE PERIOD OF
MAY 18 TO MAY 24, 2016
(Decree of the Minister of Finance KMK 22/KM.10/2016
dated May 17, 2016)**

THE MINISTER OF FINANCE,

Considering :

- a. as payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax, on goods imports, tax debts connected with value added tax on goods and service and sales tax on luxury goods, export tax, and income received or earned in the form of foreign currencies, must first be valued in the rupiah;
- b. that it is therefore necessary to stipulate a decree concerning the exchange rates as the basis for the payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax for the period of May 18 to May 24, 2016.

In view of :

1. Law No. 7/1983 (BN No. 4009 pages 1A-3A and so on) on income tax (Statute Book of 1983 No. 50, Supplement to Statute Book No. 3263) as already amended the latest by the No. 10/1994 on the amendment of Law No. 17/2000 (BN No. 6513 pages 15A-18A and so on) (Statute Book of 2000

No. 127, Supplement to Statute Book No. 3985);

2. Law No. 8/1983 (BN No. 4013 pages 1A-3A and so on) on value added tax on goods and services and sales tax on luxury goods (Statute Book of 1983 No. 51, Supplement to Statute Book No. 3264) as already amended by Law No.42/2009 (Statute Book of 2009 No. 150);
3. Law No. 10/1995 (BN No. 5812 pages 19A-20A and so on) on customs affairs (Statute Book of 1995 No. 75, Supplement to statute Book No. 3612) as already amended by Law No.17/2006 (Statute Book of 2006 No. 93, Supplement to Statute Book No. 4661) ;
4. Law No. 11/1995 (BN No. 5813 pages 6A-10A and so on) on Excise (Statute Book of 1995 No. 76, Supplement to Statute Book No. 3613) as already amended by Law No. 39/2007 (Statute Book of 2007 No.105, Supplement to Statute Book No. 4755);
5. Presidential Decree No. No. 84/P Year 2009;
6. Decree of the Minister of Finance No.347/KMK.01/2008 on Delegation of Authority to First-Echelon Officials within the Ministry of Finance to Sign Letters andor Decrees of the Minister of Finance on behalf and for the Minister of Finance;

D E C I D E S :

To stipulate:

THE DECREE OF THE MINISTER OF FINANCE CONCERNING EXCHANGE RATES AS THE BASIS FOR THE PAYMENT OF IMPORT DUTY, VALUE ADDED TAX ON GOODS AND SERVICES AND SALES TAX ON LUXURY GOODS, EXPORT TAX AND INCOME TAX FOR THE PERIOD OF MAY 18 TO

1	Rp.	13.312,00	per (USD)	1,-
2	Rp.	9.745,66	per (AUD)	1,-
3	Rp.	10.317,48	per (CAD)	1,-
4	Rp.	2.032,29	per (DKK)	1,-
5	Rp.	1.714,91	per (HKD)	1,-
6	Rp.	3.297,77	per (MYR)	1,-
7	Rp.	9.031,92	per (NZD)	1,-
8	Rp.	1.626,70	per (NOK)	1,-
9	Rp.	19.185,17	per (GBP)	1,-
10	Rp.	9.711,38	per (SGD)	1,-
11	Rp.	1.624,16	per (SEK)	1,-
12	Rp.	13.668,49	per (CHF)	1,-
13	Rp.	12.231,64	per (JPY)	100,-

Article 2

In the case of the absence of other foreign currencies in Article 1, the exchange rates used as the basis of payment shall be the daily spot exchange rates of the foreign currencies concerned on the international market against the United States dollar effective on the previous day's closing and multiplied by the rupiah exchange rate against the United States dollar as stipulated in this decree of the Minister of Finance.

Article 3

This decree shall come into force as from May 18 to May 24, 2016.

MAY 24, 2016.

Article 1

The exchange rates as the basis for the payment of import duty, value added on goods and services and sales tax on luxury goods, export tax and income tax, from May 18 to May 24, 2016 shall be as listed :

14	Rp.	11,39	per (MMK)	1,-
15	Rp.	199,69	per (INR)	1,-
16	Rp.	44.155,41	per (KWD)	1,-
17	Rp.	127,18	per (PKR)	1,-
18	Rp.	285,65	per (PHP)	1,-
19	Rp.	3.549,20	per (SAR)	1,-
20	Rp.	91,06	per (LKR)	1,-
21	Rp.	376,62	per (THB)	1,-
22	Rp.	9.712,23	per (BND)	1,-
23	Rp.	15.119,39	per (EUR)	1,-
24	Rp.	2.041,78	per (CNY)	1,-
25	Rp.	11,37	per (KRW)	1,-

For public cognizance, this decree of the Minister of Finance shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On May 17, 2016

On Behalf Of THE MINISTER OF FINANCE
ACTING HEAD OF FISCAL POLICY AGENCY

sgd.

SUAHASIL NAZARA

NIP 197011231999031006

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**TERMS AND PROCEDURES OF SETTING
ALLOCATION, USE AND PRICES OF NATURAL GAS
(Regulation of the Energy and Mineral Resources Minister of
the Republic of Indonesia No. 06/2016
dated February 24, 2016)
[Continued from Business News No. 8849-8850
page 46-48]**

13. Small subscriber is a natural gas consumer that uses natural gas to meet his/her need (end consumer) with the use of natural gas reaching up to 1000 m³/month.
14. Natural gas-based industry is an industry that uses natural gas as raw material and/or fuel that cannot be replaced with other fuel.
15. Minister is the minister that carries out government affairs in the natural oil and gas field.
16. Ministry is the ministry that is tasked with carrying out government affairs in the energy and mineral resources field to assist the President in running the state administration.
17. Director General is the director general that is tasked with formulating and implementing policies and technical standardization in the natural oil and gas field.
18. Upstream Oil and Gas Regulatory Special Task Force, hereinafter called SKK Migas, is a unit that is tasked with controlling upstream oil and gas business activities based on cooperation contracts under the guidance, coordination and supervision of the Minister.
19. State-owned company is a corporate body whose capital is entirely or partially owned by the state through direct participation obtained from separated state wealth.
20. State owned company engaged in strategic industry is a state-owned company engaged in the industry that controls the interests of the people at large, increases or produces value added of strategic natural resources, or has link to the interest of state defense and security within the framework of fulfilling the tasks of state administration.
21. Regional government-owned company is a corporate body whose capital is entirely or partially owned by a regional government whose administrative territory covers the concerned working area.

CHAPTER II

POLICY ON ALLOCATION AND USE OF NATURAL GAS

Article 2

- (1) The policy on the allocation and use of natural gas is aimed at ensuring the availability of natural gas efficiently and effectively to meet domestic needs oriented to the advantage of natural gas.
- (2) The Minister shall set the policy on the allocation and use of natural gas as referred to in paragraph (1) by making an effort to meet the domestic need optimally.
- (3) The policy on the allocation and use of natural gas as referred to in paragraph (2) is set based on the National Energy Policy by taking into account :
 - a. public interests;
 - b. state interests;
 - c. the Indonesian balance sheet of natural gas;
 - d. deposits and market opportunities of natural gas;
 - e. available and planned infrastructures according to the Master Plan of National Natural Gas Transmission and Distribution Networks; and/or
 - f. field economy of natural oil and gas deposits to be allocated. The Indonesian balance sheet of natural gas as referred to in paragraph (3) letter c is set by the Minister every year.

Article 3

- (1) The Minister shall set the allocation and use of natural gas as well as the prices of natural gas for domestic needs and/or exports.
- (2) The natural gas as referred to in paragraph (1) is derived from natural gas produced by contractors of upstream oil and gas business activities.

Article 4

To support the fulfillment of domestic need for natural gas as referred to in Article 3, the Minister can set a policy on the supply of natural gas from imports.

CHAPTER III

THE SETTING OF ALLOCATION, USE AND PRICES OF NATURAL GAS

Part One

Allocation and Use of Natural Gas for Domestic Needs

Article 5

The allocation and use of natural gas for domestic needs as referred to in Article 3 paragraph (1) is designated by observing priorities in the allocation and use of natural gas to :

- a. support government programs to supply natural gas for transportation, households and small subscribers;
- b. increase national natural oil and gas production;
- c. support fertilizer industry;
- d. support natural gas-based industry
- e. supply electrical power; and
- f. support industry using natural gas as fuel.

Article 6

- (1) The allocation and use of natural gas for transportation as referred to in Article 5 letter a is designated as as part of the effort to diversify fuels for the transportation sector.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
 - a. state-owned company assigned by the Minister to supply and distribute natural gas;
 - b. regional government-owned company located in an natural oil and gas producing region; or
 - c. corporate body holding a commercial permit to engage in the supply of gas fuel for transportation.
- (3) The allocation and use of natural gas as referred to in paragraph (2) cannot be commercialized other than for end users or holders of gas fuel commercial permits.

Article 7

- (1) The allocation and use of natural gas for households and small subscribers as referred to in Article 5 letter a is designated as part of the effort to diversify fuels for households and small subscribers.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
 - a. state-owned company assigned by the Minister to supply and distribute natural gas;
 - b. regional government-owned company developing natural gas networks for households and small subscribers;
 - c. regional government-owned company located in an natural oil and gas producing region; or
 - d. corporate body holding a commercial permit to engage in the supply of gas for households and small subscribers;

- (3) The allocation and use of natural gas as referred to in paragraph (2) cannot be commercialized other than for households and small subscribers.

Article 8

The allocation and use of natural gas to increase national natural oil and gas production as referred to in Article 5 letter b is designated as part of efforts to increase natural oil and gas production to support national natural oil and gas supplies.

Article 9

- (1) The allocation and use of natural gas for fertilizer industry as referred to in Article 5 letter c is designated for the use of natural gas as a raw material in the production of fertilizers to maintain domestic fertilizer supplies.
- (2) The allocation and use of natural gas as referred to in paragraph (1) shall be prioritized to state-owned company assigned to meet the need for subsidized fertilizers.

Article 10

- (1) The allocation and use of natural gas for natural gas-based industry as referred to in Article 5 letter d is designated as part of the effort to improve the competitiveness of domestic industry.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
- a. state-owned company which is engaged in the natural oil and/or gas field and sells natural gas to natural gas-based industry;
 - b. regional government-owned company which is located in a natural oil and gas producing region and sells natural gas to natural gas-based industry in its region;
 - c. liquefied petroleum gas processing corporate body using natural gas as raw material;
 - d. natural gas-based corporate body using natural gas as raw material; or
 - e. corporate body holding a commercial permit to sell natural gas to natural gas-based industry.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters a, b, and e cannot be commercialized other than for natural gas-based industry.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to natural gas-based industries, the Minister will evaluate the allocation of natural gas.

Article 11

- (1) The allocation and use of natural gas to supply electrical power as referred to in Article 5 letter e is designated as part of the effort to meet domestic electrical power supplies.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
 - a. state-owned company assigned to meet electrical power supplies for power generators;
 - b. regional government-owned company which is located in a natural oil and/or gas producing region and holds a permit to supply electrical power;
 - c. state-owned company which is engaged in the natural oil and/or gas field to sell natural gas to a corporate body holding an electrical power supply permit;
 - d. regional government-owned company which is located in a natural oil and gas producing region and sells natural gas to a corporate body holding an electrical power supply permit;
 - e. corporate body which holds an electrical power supply permit to use natural gas as fuel for power generators; or
 - f. corporate body which holds a commercial permit to sell natural gas to a corporate body holding an electrical power supply permit.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters c, d, and f cannot be commercialized other than for a corporate body holding an electrical power supply permit.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to a corporate body holding an electrical power supply permit, the allocation of natural gas can be sold to other corporate body holding a commercial permit on condition that it
 - a. has/controls pipeline infrastructure to distribute natural gas to end users;
 - b. can only sell natural gas to end users; and
 - c. sells natural gas at fair prices.

Article 12

- (1) The allocation and use of natural gas for industry using natural gas as fuel as referred to in Article letter f is designated as part of the effort to help improve the competitiveness of domestic industry.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to:
 - a. state-owned company which is engaged in the strategic industry to use natural gas as fuel;
 - b. state-owned company which is engaged in the natural oil and/or gas sector to sell natural gas to industry using natural gas as fuel;

- c. regional government-owned company which is located in a natural oil and gas producing region to sell natural gas to industry using natural gas as fuel in its area; or
 - d. corporate body which holds a commercial permit to sell natural gas to industry using natural gas as fuel.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters b, c, and d cannot be commercialized other than for industry using natural gas as fuel.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to industry using natural gas as fuel, the allocation of natural gas can be sold to other corporate body holding a business permit on condition it:
- a. has/controls pipeline infrastructure to distribute natural gas to end users;
 - b. can only sell natural gas to end users; and
 - c. sells natural gas at fair prices.

Article 13

If the allocation and use of natural gas that has been designated as referred to in Articles 10, 11, and 12 cannot yet be followed by natural gas sale agreement with a period of 12 months after being designated, the Minister will evaluate the allocation of natural gas.

Article 14

- (1) If all priorities in the allocation and use of domestic natural gas as referred to in Article 5 have been met, the seller of natural gas which is the portion of the state or contractor can call a tender for natural gas that has not be absorbed.
- (2) SKK Migas shall file an application to the Minister for approval of allocation and price of natural oil and gas as provided for in this Ministerial Regulation.

Part Two

Designation of Allocation of Natural Gas for Exports

Article 15

- (1) The allocation of natural gas for export as referred to in Article 3 paragraph (1) will be set if :
- a. domestic consumers' gas need has been met;
 - b. adequate domestic infrastructure is not available; or

- c. the competitiveness of domestic consumers does not meet field economy.
- (2) If the competitiveness of domestic consumers does not meet field economy as referred to in paragraph (1) letter c, the allocation of natural gas can be designated for domestic consumers and export altogether so that the field economy can be met.

Part Three

Prices of Natural Gas

Article 16

- (1) The prices of natural gas are set by taking into account:
- a. field economy;
 - b. domestic and international prices of natural gas;
 - c. value added of the domestic use of natural gas.
- (2) In addition to provisions as referred to in paragraph (1) the prices of natural gas for domestic needs must be set by taking into account:
- a. the purchasing power of domestic consumers;
 - b. support for government program to supply natural gas for transportation, households and small subscribers; and
 - c. the prices of substitute fuel or energy.

Part Four

Allocation and Prices of Flare Gas and Debris Gas

Article 17

- (1) Contractor shall file a plan for the optimum use of flare gas to SKK Migas;
- (2) Contractor can use flare gas through the following mechanism:
- a. addition of upstream gas facilities; or
 - b. used by corporate body holding a processing and/or commercial permit.
- (3) The Director General on behalf of the Minister shall set the allocation and prices of flare gas as referred to in paragraph (2) by taking into account proposal from the contractor after being evaluated by SKK Migas.
- (4) The price of flare gas as referred to in paragraph (3) is also set by taking into account:
- a. the purchasing power of domestic consumers; and

- b. support for government program to supply natural gas for transportation, households and small subscribers.
- (5) If flare gas is used by procuring additional upstream facilities, the price of flare gas is set based on the economic calculation limited to the addition of facilities to use flare gas.
- (6) If flare gas is used by corporate body holding a natural gas processing and/or commercial permit, the price of natural gas shall be based on the economy of facilities built to use flare gas.

Article 18

- (1) The processing of debris gas is done by contractor based on the commercial value of debris gas.
- (2) proceeds from the sale of debris gas is treated as the reduction of operating expenses.

CHAPTER IV

PROCEDURES OF PROPOSING AND SETTING ALLOCATION, USE AND PRICES OF NATURAL GAS

Part One

Procedure of Proposing and Setting Allocation and Use of Natural Gas

Article 19

- (1) Application for the allocation and use of natural gas for domestic needs and exports is filed by contractor through SKK Migas to the Minister.
- (2) The application for the allocation and use of natural gas for domestic needs as referred to in paragraph (1) is filed by enclosing :
 - a. a copy of approval of Plan of Development, along with supporting data, including deposits, production profile, field economy including estimate of production sharing for contractor already securing approval of Plan of Development I from the Minister or subsequent Plan of Development from the Head of SKK Migas; or
 - b. a copy of resources and estimate, production profile, result of production test, document of pattern and number of wells already drilled, production facilities (plan and existing), estimate of gas deliverability, and estimate of gas production sharing for contractor wishing to propose the production of natural gas before the Plan of Development, and
 - c. other documents explaining would-be buyer of natural gas, and infrastructure to distribute natural gas.
- (3) The application for allocation of natural gas for exports as referred to in paragraph (1) is filed by enclosing

documents explaining would-be buyer of natural gas, volume of natural gas, infrastructure used to distribute and/or deliver natural gas, time plan to deliver natural gas.

- (4) SKK Migas passes on the application for allocation and use of natural gas from the contractor as referred to in paragraph (1) along with considerations to the Minister no later than 60 (sixty) calendar days before natural gas is distributed and/or delivered.

Article 20

- (1) Application for allocation and use of natural gas can be filed by would-be buyer of natural gas to the Minister through the Director General by taking into account domestic natural gas needs.
- (2) The application for allocation and use of natural gas as referred to in paragraph (1) is filed by enclosing documents explaining plan for the use of natural gas by would-be buyer of natural gas, volume of natural gas, the purchasing power of natural gas consumers, infrastructure for the use of natural gas.
- (3) The Director General asks SKK Migas to give considerations with regard to the application from would-be buyer of natural gas as referred to in paragraph (1).

Article 21

- (1) The Director General shall assess the application for allocation and use of natural gas as referred to in Articles 19 and 20.
- (2) To conduct the assessment as referred to in paragraph (1), the Director General can coordinate with other relevant agencies.

Article 22

- (1) In giving considerations to the Minister as referred to in Article 19 paragraph (4) and Article 20 paragraph (3) the Head of SKK Migas shall observe provisions as contained in this Ministerial Regulation.
- (2) The Head of SKK Migas shall stipulate a guide to giving considerations as referred to in paragraph (1) by observing the principles of fair business, transparency, justice and accountability.
- (3) In assessing the application for allocation and use of natural gas as referred to in Article 21, the Director General shall observe :
 - a. the Indonesian balance sheet of natural gas;
 - b. provisions on allocation and use of natural gas as referred to in Article 5, 6, 7, 8, 9, 10, 11, or 12;

- c. status and capability of would-be buyer of natural gas;
 - d. type and capacity of facilities that will be, are being and have been installed or put up to distribute and/or use natural gas.
- (4) Based on the result of assessment by the Director General as referred to in paragraph (3), the Minister shall approve or reject the application for allocation and use of natural gas.
- (5) If the application for allocation and use of natural gas is rejected, the Director General shall notify the contractor through SKK Migas or buyer of natural gas.

Article 23

Contractor through SKK Migas shall report to the Minister no later than 6 (six) days before the natural gas sales purchase agreement has expired.

Article 24

- (1) If the natural gas sales purchase agreement is to be extended, the contractor through SKK Migas or buyer of natural gas shall file an application for allocation and use of natural gas to the Minister no later than 6 (six) months before the natural gas sales purchase agreement has expired.
- (2) If contractor or buyer of natural gas is to increase the volume of allocation and use of natural gas, the contractor through SKK Migas or buyer of natural gas shall file an application for allocation and use of natural gas to the Minister.
- (3) To obtain the allocation and use of natural gas from the Minister as referred to in paragraphs (1) and (2), contractor or buyer of natural gas shall follow terms and procedures as referred to in Articles 19, 20, 21, and 22.

Part Two

Procedure of Proposing and Setting the Prices of Natural Gas

Article 25

- (1) Application to set the price of natural gas is filed by contractor through SKK Migas to the Minister.
- (2) The application to set the price of natural gas as referred to in paragraph (1) is filed by enclosing at least:
- a. proposal for the selling price of natural gas and justification to set formula;
 - b. economy of natural gas sale;
 - c. source of natural gas, principle and pattern of distributing and/or delivering natural gas, contract

volume, delivery point, date of starting and concluding the distribution of natural gas, and/or estimate of the delivery of natural gas per day;

- d. a copy of approval of allocation of natural gas from the Minister;
 - e. a copy of approval of Plan of Development and supporting data, including deposits, production profile, field economy including the estimate of production sharing for the contractor already securing approval of Plan of Development I from the Minister or subsequent Plan of Development from the Head of SKK Migas or a copy of resources and estimate of production profile, result of production test, document of pattern and number of wells drilled, production facilities (planned and existing), estimate of gas deliverability and estimate of natural gas production sharing, for the contractor wishing to propose the production of natural gas before the Plan of Development;
 - f. statistics of domestic and export prices of natural gas;
 - g. a copy of negotiation document of natural gas price;
 - h. a copy of natural gas sale purchase agreement.
- (3) SKK Migas shall pass on the application for the price of natural gas filed by the contractor as referred to in paragraph (1) along with considerations to the Minister no later than 30 (thirty) calendar days before natural gas has been distributed and/or delivered.

Article 26

- (1) The Director General shall evaluate the application to set the price of natural gas as referred to in Article 25.
- (2) To conduct the evaluation as referred to in paragraph (1), the Director General can coordinate with SKK Migas and other relevant agencies.
- (3) Based on the result of the evaluation as referred to in paragraph (1), the Minister shall approve or reject the application to set the price of natural gas.
- (4) If the application to set the price of natural gas is rejected, the Director General shall notify the contractor through SKK Migas.

Article 27

- (1) If a natural gas sale purchase agreement is to be extended, the contractor through SKK Migas shall file an application to set the price of natural gas to the Minister no later than 3 (three) months before the natural gas sale purchase agreement has expired.

- (2) If contractor or buyer of natural gas is to increase the volume of allocation and use of natural gas, the contractor through SKK Migas shall file an application to set the price of natural gas to the Minister.
- (3) To secure approval to set the price of natural gas from the Minister as referred to in paragraphs (1) and (2), the contractor shall follow the procedure of proposing and setting the price of natural gas according to provisions in Articles 25 and 26.

Article 28

- (1) The selling price of natural gas used as the basis for natural gas sale purchase agreement is the selling price of natural gas already set by the Minister.
- (2) The period of natural gas sale purchase agreement as referred to in paragraph (1) shall not exceed the period of cooperation contract.
- (3) The natural gas sale purchase agreement as referred to in paragraph (1) shall contain a clause of possible price change (price review).

Article 29

The application to set allocation and use of natural gas can be filed altogether if :

- a. natural gas sale purchase agreement is proposed to be extended;
- b. there is over production of natural gas field that must be handled urgently to maintain the continuation of natural oil and gas production as well as to avoid production cut.

CHAPTER V

REPORTING

Article 30

Contractor through SKK Migas shall convey a report on the realization of natural gas sale purchase agreement to the Minister in this case the Director General every 6 (six) months and/or anytime if needed.

CHAPTER VI

ADMINISTRATIVE SANCTIONS

Article 31

- (1) The Minister shall impose administrative sanctions on contractor or buyer of natural gas that violates provisions on the approval of allocation, use and price of natural gas.

- (2) The administrative sanctions as referred to in paragraph (1) are in the form of:
- a. written warning; and/or
 - b. cancellation of allocation, use and/or price of natural gas.
- (3) The written warning as referred to in paragraph (2) letter a is issued twice at the most with a time span of 1 (one) month.
- (4) If contractor or buyer of natural gas, after receiving the written warning as referred to in paragraph (3), neither improves the mistake nor meets the given provisions, the Director General can propose the revocation of allocation, use and price of natural gas to the Minister.
- (5) If the Director General proposes the revocation of allocation, use and price of natural gas to the Minister as referred to in paragraph (4), the Director General shall notify SKK Migas to find would-be buyer of natural gas.
- (6) The Minister issues a decision on the revocation of allocation, use and price of natural gas while at the same time endorsing allocation, use and price of natural gas for new buyer of natural gas and later SKK Migas follows up on it by switching the distribution and/or delivery of natural gas.
- (7) The endorsement of allocation, use and price of natural gas for new buyer of natural gas as referred to in paragraph (6) shall follow the procedure as provided for in this Ministerial Regulation.

CHAPTER VII

OTHER PROVISIONS

Article 32

Liquefied Natural Gas processing business and Compressed Natural Gas commercial activities are treated as industries using natural gas as fuel as referred to in Article 5 letter f and Article 12.

Article 33

Corporate body that receives allocation of natural gas shall have or control infrastructure facilities to distribute and/or use natural gas.

CHAPTER VIII

TRANSITIONAL PROVISIONS

Article 34

- (1) If applications for allocation, use and price of natural gas are filed before the stipulation of this Ministerial

Regulation, while the distribution and/or delivery of natural gas has not been conducted, they can be processed to obtain approval or rejection of allocation, use and price of natural gas.

- (2) The approval of allocation, use and price of natural gas that has been issued before the issuance of this Ministerial Regulation shall remain valid until the period of allocation, use and price of natural gas expires.
- (3) If the approval of allocation of natural gas as referred to in paragraph (2) ends no later than 3 (three) months after this Ministerial Regulation takes effect, the corporate body will be given a chance to make operational adjustments to the distribution and/or trade of natural gas until 6 (six) months after the approval of allocation and use of natural gas expires according to provisions in this Ministerial Regulation.

Article 35

- (1) Natural gas commercial corporate bodies that have secured allocation of natural gas but do not sell natural gas to end users before this Ministerial Regulation takes effect can carry out natural gas commercial activities until the allocation and use of natural gas expires.
- (2) In addition to end users as referred to in paragraph (1), natural gas commercial activities can be carried out no later than 2 (two) years before this Ministerial Regulation takes effect.

Article 36

- (1) If corporate bodies have obtained allocation and use of natural gas and has/controls pipeline infrastructures to distribute natural gas before this Ministerial Regulation takes effect, the allocation and use of natural gas shall remain valid until the period of allocation of natural gas expires.
- (2) If the period of allocation of natural gas as referred to in paragraph (1) ends, the corporate bodies can file another application for allocation and use of natural gas according to this Ministerial Regulation.

CHAPTER IX

CONCLUSION

Article 37

When this Ministerial Regulation begins to take effect, Regulation of the Energy and Mineral Resources Minister No. 37/2015 on Terms and Procedures of Setting Allocation, Use and Prices of Natural gas (State Gazette of 2015 No. 1589) shall be revoked and declared null and void.

Article 38

This Ministerial Regulation shall come into force as from the date of promulgation.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the state Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On February 24, 2016

THE ENERGY AND MINERAL RESOURCES MINISTER OF
THE REPUBLIC OF INDONESIA,

sgd.

SUDIRMAN SAID

Promulgated in Jakarta

On February 25, 2016

THE DIRECTOR GENERAL OF LAWS AND REGULATIONS AT
THE LAW AND HUMAN RIGHTS MINISTRY OF
THE REPUBLIC OF INDONESIA,

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF 2016 NO. 316

(S)

CLASSIFICATION AND STIPULATION OF SALE VALUE OF TAX OBJECT AS THE BASIS FOR CHARGING LAND AND BUILDING TAXES (Regulation Of Minister Of Finance Republic Of Indonesia Number 139/Pmk.03/2014, Tanggal 10 Juli 2014)

With The Blessing Of The One And Only God

Minister Of Finance Of The Republic Of Indonesia

Considering:

- a. Whereas, the provision on Classification and Stipulation of Sale Value of Tax Object as the basis for charging Land and Building Taxes is governed in Regulation of the Minister of Finance Number 150/PMK.03/2010, concerning Classification and Stipulation of Sale Value of Tax Object constituting the basis for charging Taxes on Land and Building;
- b. Whereas, with the delegation of authority to collect Land and Building Taxes in rural and city areas of regional administration based on Article 2 and Article 180 of Law Number 28 Year 2009, concerning Regional Tax and Regional Contribution, the Director General of Taxes may manage taxes other than taxes on Land and Building in rural and city;
- c. Whereas, in the context of providing legal assurance, justice to Obligatory Taxpayer and stability in stipulating Tax Object and Sale Value of Tax Object, it is necessary to make adjustment to the provision on Classification and Stipulation of Sale Value of Tax Object as the basis for charging taxes on Land and Building as referred to in letter a;
- d. Whereas, based on the consideration referred to in letter a, letter b, and letter c, as well as to implement the provision in Article 2 paragraph (2) and Article 6 paragraph (2) of Law Number 12 Year 1985, concerning taxes on Land and Building amended by Law Number 12 Year 1994, it is necessary to stipulate Regulation of Minister of Finance on Classification and Stipulation of Sale Value of Tax Object as the basis for

charging taxes on Land and Building;

In view of:

1. Law Number 12 Year 1985, concerning taxes on Land and Building (Statute Book of the Republic of Indonesia Year 1985 Number 68, Supplement to Statute Book of the Republic of Indonesia Number 3312) as amended by Law Number 12 Year 1994 (Statute Book of the Republic of Indonesia Year 1994 Number 62, Supplement to Statute Book of the Republic of Indonesia Number 3569);
2. Law Number 41 Year 1999, concerning Forestry (Statute Book of the Republic of Indonesia Year 1999 Number 167, Supplement to Statute Book of the Republic of Indonesia Number 3888) as amended by Law Number 19 Year 2004 (Statute Book of the Republic of Indonesia Year 2004 Number 86, Supplement to Statute Book of the Republic of Indonesia Number 4412);
3. Law Number 22 Year 2001, concerning Natural Oil and Gas (Statute Book of the Republic of Indonesia Year 2001 Number 136, Supplement to Statute Book of the Republic of Indonesia Number 4152);
4. Law Number 27 Year 2003, concerning Geothermal (Statute Book of the Republic of Indonesia Year 2003 Number 115, Supplement to Statute Book of the Republic of Indonesia Number 4327);
5. Law Number 18 Year 2004, concerning Plantation (Statute Book of the Republic of Indonesia Year 2004 Number 85, Supplement to Statute Book of the Republic of Indonesia Number 4411);
6. Law Number 4 Year 2009, concerning Mineral and Coal mining (Statute Book of the Republic of Indonesia Year 2009 Number 4, Supplement to Statute Book of the Republic of Indonesia Number 4959);
7. Law Number 28 Year 2009, concerning Regional Tax and Regional Contribution (Statute Book of the Republic of Indonesia Year 2009 Number 130, Supplement to Statute Book of the Republic of Indonesia Number 5049);
8. Government Regulation Number 79 Year 2010, concerning Refundable Operation Cost and Treatment of Income Tax on Upstream Natural Oil and Gas Business (Statute Book of the Republic of Indonesia Year

2012 Number 139, Supplement to Statute Book of the Republic of Indonesia Number 5173);

DECIDED :

To stipulate:

REGULATION OF MINISTER OF FINANCE ON CLASSIFICATION AND STIPULATION OF SALE VALUE ON TAX OBJECT AS THE BASIS FOR CHARGING TAXES ON LAND AND BUILDING.

Article 1

What is meant in this Regulation of Minister by:

1. Land shall be the land surface and the land body existing beneath it.
2. Building shall be technical construction built or attached thereto permanently on the land and/or waters.
3. Business License for Utilization of Forest Timber Yields and/or Business License for Utilization of Forest Non-Timber Yields shall be business permit granted to utilize forest yields in the form of timber and/or non-timber in natural forest of producing forest by harvesting or fenriching, maintaining dan marketing.
4. Permit for Collecting Forest Timber Yields shall be permit to take forest yileds in the form of timber in producing forest by means of harvesting, transporting, and marketing for a certain period and certain volume.
5. Permit for Collecting Non-Timber Forest Yields shall be permit to take non-timber forest yields from preserved forest and/or producing forest such as, in the form of rattan, honey, fruits, latex, medicinal herbs, for a certain period of time and certain volume.
6. Work Area shall be certain area within the mining legal territory of Indonesia for exploration and exploitation activities.
7. Mining Area Business Permit hereinafter referred to as WIUP, shall be area provided to holder of business license on Mining.

8. Inhabitants Mining Area hereinafter referred to as WPR, shall be part of the mining area where mining business activity is operated by the inhabitants.
9. Business Permit for Special Mining Area hereinafter referred to as WIUPK, shall be area provided to the holder of Business Permit for Special Mining.
10. Permit for Mining Area shall be mining area provided to the holder of permit for mining business activity covering WIUP, WIUPK, or WPR.
11. Joint Operation Contract shall be Production Sharing Contract or other joint operation contract on Exploration and Exploitation that are more profitable to the country and there the result thereof will be used for the maximum welfare of the people.
12. Mining Business Permit hereinafter referred to as IUP shall be permit to carry out mining business within WIUP.
13. Special Mining Business Permit hereinafter referred to as IUPK, shall be permit to run mining business within the WIUPK.
14. Permit for Inhabitants Mining hereinafter referred to as IPR, shall be permit to carry out mining business within WPR with limited area extent and investment.
15. Sale Value of Tax Object hereinafter referred to as NJOP shall be average price obtained from sale and purchase transaction taking place reasonably, and if no sale and purchase transaction takes place, NJOP will be determined by comparing the price and other object of the kind, or the new acquisition value, or replacement NJOP.
16. Classification shall be classification of the sale value of Land or sale value of Building used as the guideline for determining NJOP on Land and NJOP on Building.

Article 2

- (1) Taxes on Land and Building Tax Object shall be Land and/or Building.
- (2) Taxes on Land and Building Tax Object as referred to in paragraph (1) cover Tax Object on:
- a. plantation sector;
 - b. forestry sector;
 - c. mining sector; and
 - d. other sectors.

Article 3

- (1) Plantation Tax Object as referred to in Article 2 paragraph (2) letter a shall be Land and/or Building existing within the area used for plantation business activity.
- (2) Plantation business activity as referred to in paragraph (1) covers:
- a. plantation cultured vegetation that is granted Permit for Plantation Business on Vegetation (IUP-B), and
 - b. cultured vegetation business plantation that is integrated with plantation yields processing business that is granted Business Permit on Plantation.
- (3) Area used for plantation business activity as referred to in paragraph (1) covering:
- a. area used for plantation business activity that is granted the right for business activity or which right thereto is in process; and
 - b. area offsite the right for business activity or which right is in process constituting inseparable part used for plantation business activity.
- (4) Area which right to run business is in process as referred to in paragraph (3) covering:
- a. the area used for plantation business activity which right to use for business or extension thereof is in process; and

- b. the area used for plantation business activity and holding business permit which right for business activity must be settled.

Article 4

- (1) Tax Object sektor perhutanan as referred to in Article 2 paragraph (2) letter b adalah Bumi dan/atau Bangunan yang berada di dalam kawasan yang digunakan untuk business activity on forestry.
- (2) Business activity on forestry sebagaimana dimaksud pada paragraph (1) meliputi business activity on forestry yang diberikan:
 - a. Business License for Utilization of Forest Timber Yields;
 - b. Business License for Utilization of Forest Non-Timber Yields;
 - c. Permit for Collecting Timber Forest Yields;
 - d. Permit for Collecting Non-Timber Forest Yields;
 - e. Right for Forest Exploitation;
 - f. Right for Collection Forest Yields;
 - g. Other lawful Permits, such as special assignment pertaining to business utilization and collection of forest yields from producing forest.
- (3) Area used for business activity on forestry as referred to in paragraph (1), covering:
 - a. area used for business activity on forestry that is granted permit as referred to in paragraph (2); and
 - b. area offsite the area used for business activity on forestry that is granted permit as referred to in paragraph (2) constituting inseparable part of business activity on forestry.

Article 5

- (1) Mining Tax Object as referred to in Article 2 paragraph (2) letter c shall be Land and/or Building, existing within the area used for mining business activity.
- (2) Mining business activity as referred to in paragraph (1) covers mining business activity for:
 - a. Natural Oil and Gas mining covering exploration and exploitation activities exercised by means of Joint Operation Contract or other legal joint operation contract.

- b. Geothermal mining covering exploration, feasibility study, and exploitation activities that is granted business permit for Geothermal mining; and
- c. Mineral and Coal mining covering exploration activity and production operation being granted IUP, IUPK, IPR, or other permits of the kind.

(3) Area used for mining business activity as referred to in paragraph (1) covers:

- a. Work Area, Area being granted Mining Permit, or area of the kind; and
- b. Area offsite the Work Area, Area holding Mining Permit, or area of the kind constituting inseparable part and used for mining business activity.

Article 6

Other Tax Objects as referred to in Article 2 paragraph (2) letter d shall be Land and Building Tax Objects, other than Tax Objects in the form of plantation, forestry, and mining not existing within the Regency/ Municipality Region.

Article 7

- (1) Classification of NJOP for Land and classification of NJOP for Building for Tax Objects on plantation, forestry, mining sectors, and other sectors as specified in the Attachment constituting inseparable part of this Regulation of the Minister.
- (2) If the sale value of Land and sale value of Building for Tax Objects on plantation, forestry, mining sectors and other sectors is greater than the highest sale value in Classification of NJOP as specified in the Attachment as referred to in paragraph (1), that sale value of Land and sale value of Building will be determined as NJOP of Land and NJOP of Building.

Article 8

The Head of Regional Office of the Directorate General of Taxes on behalf of the Minister of Finance shall determine the amount of NJOP, annual for the respective:

- a. Regency / Municipality;

b. Work Area of Pratama Tax Service Office if there is more than one Pratama Tax Service Offices in one Regency / Municipality; or

c. Work Area of Tax Service Office appointed.

Article 9

Provision on procedure for NJOP determination as referred to in Article 8, will be further governed in Regulation of the Director General of Taxes.

Article 10

With this Regulation of the Minister the amount of Land and Building Taxes that is overdue in Fiscal Year 2013 and the previous Fiscal Years and the amount of NJOP will be determined using the classification as governed in Regulation of the Minister of Finance Number 150/PMK.03/2010, on Classification and Determination of Sale Value of Tax Object as the basis for charging Taxes on Land and Building.

Article 11

By the time this Regulation of the Minister comes to force, Regulation of the Minister of Finance Number 150/PMK.03/2010, concerning Classification and Determination of Sale Value of Tax Object as the basis for charging Taxes on Land and Building shall revoke and declared null and void.

Article 12

This Regulation of the Minister takes effect on the date it is enacted.

For public cognizance, this Regulation of the Minister will be announced by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

Dated July 10, 2014

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

sgd.

MUHAMAD CHATIB BASRI

Enacted in Jakarta

Dated July 11, 2014

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

sgd.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA
YEAR 2014 NUMBER 944

ATTACHMENT:

A. CLASSIFICATION OF TAX ON SALE VALUE OF LAND AND BUILDING ON TAX OBJECT IN PLANTATION,
FORESTRY, MINING TAXES, AND OTHER TAX OBJECTS.

Class	Classification of Sale of Land and Building (Rp/m2)	Value of Object Tax (Rp/m2)
001	> 3.064.000,00 through 3.136.000,00	3.100.000,00
002	> 3.010.000,00 through 3.064.000,00	3.037.000,00
003	> 2.948.000,00 through 3.010.000,00	2.979.000,00
004	> 2.902.000,00 through 2.948.000,00	2.925.000,00
005	> 2.850.000,00 through 2.902.000,00	2.876.000,00
006	> 2.804.000,00 through 2.850.000,00	2.827.000,00
007	> 2.754.000,00 through 2.804.000,00	2.779.000,00
008	> 2.710.000,00 through 2.754.000,00	2.732.000,00
009	> 2.662.000,00 through 2.710.000,00	2.686.000,00
010	> 2.618.000,00 through 2.662.000,00	2.640.000,00
011	> 2.574.000,00 through 2.618.000,00	2.596.000,00

Class	Classification of Sale of Land and Building (Rp/m2)	Value of Object Tax (Rp/m2)
012	> 2.530.000,00 through 2.574.000,00	2.552.000,00
013	> 2.486.000,00 through 2.530.000,00	2.508.000,00
014	> 2.426.000,00 through 2.486.000,00	2.456.000,00
015	> 2.382.000,00 through 2.426.000,00	2.404.000,00
016	> 2.324.000,00 through 2.382.000,00	2.353.000,00
017	> 2.260.000,00 through 2.324.000,00	2.292.000,00
018	> 2.206.000,00 through 2.260.000,00	2.233.000,00
019	> 2.146.000,00 through 2.206.000,00	2.176.000,00
020	> 2.094.000,00 through 2.146.000,00	2.120.000,00
021	> 2.038.000,00 through 2.094.000,00	2.066.000,00
022	> 1.988.000,00 through 2.038.000,00	2.013.000,00
023	> 1.936.000,00 through 1.988.000,00	1.962.000,00
024	> 1.888.000,00 through 1.936.000,00	1.912.000,00
025	> 1.836.000,00 through 1.888.000,00	1.862.000,00
026	> 1.794.000,00 through 1.836.000,00	1.815.000,00
027	> 1.742.000,00 through 1.794.000,00	1.768.000,00
028	> 1.702.000,00 through 1.742.000,00	1.722.000,00
029	> 1.642.000,00 through 1.702.000,00	1.672.000,00
030	> 1.602.000,00 through 1.642.000,00	1.622.000,00
031	> 1.544.000,00 through 1.602.000,00	1.573.000,00
032	> 1.496.000,00 through 1.544.000,00	1.520.000,00
033	> 1.438.000,00 through 1.496.000,00	1.467.000,00
034	> 1.394.000,00 through 1.438.000,00	1.416.000,00
035	> 1.340.000,00 through 1.394.000,00	1.367.000,00
036	> 1.300.000,00 through 1.340.000,00	1.320.000,00
037	> 1.248.000,00 through 1.300.000,00	1.274.000,00

Class	Classification of Sale of Land and Building (Rp/m2)	Value of Object Tax (Rp/m2)
038	> 1.214.000,00 through 1.248.000,00	1.231.000,00
039	> 1.164.000,00 through 1.214.000,00	1.189.000,00
040	> 1.130.000,00 through 1.164.000,00	1.147.000,00
041	> 1.080.000,00 through 1.130.000,00	1.105.000,00
042	> 1.050.000,00 through 1.080.000,00	1.065.000,00
043	> 1.004.000,00 through 1.050.000,00	1.027.000,00
044	> 968.000,00 through 1.004.000,00	986.000,00
045	> 930.000,00 through 968.000,00	949.000,00
046	> 902.000,00 through 930.000,00	916.000,00
047	> 870.000,00 through 902.000,00	886.000,00
048	> 844.000,00 through 870.000,00	857.000,00
049	> 814.000,00 through 844.000,00	829.000,00
050	> 790.000,00 through 814.000,00	802.000,00
051	> 762.000,00 through 790.000,00	776.000,00
052	> 740.000,00 through 762.000,00	751.000,00
053	> 714.000,00 through 740.000,00	727.000,00
054	> 692.000,00 through 714.000,00	703.000,00
055	> 668.000,00 through 692.000,00	680.000,00
056	> 646.000,00 through 668.000,00	657.000,00
057	> 624.000,00 through 646.000,00	635.000,00
058	> 604.000,00 through 624.000,00	614.000,00
059	> 584.000,00 through 604.000,00	594.000,00
060	> 566.000,00 through 584.000,00	575.000,00
061	> 546.000,00 through 566.000,00	556.000,00
062	> 528.000,00 through 546.000,00	537.000,00
063	> 508.000,00 through 528.000,00	518.000,00
064	> 492.000,00 through 508.000,00	500.000,00

Class	Classification of Sale of Land and Building (Rp/m2)	Value of Object Tax (Rp/m2)
065	> 472.000,00 through 492.000,00	482.000,00
066	> 456.000,00 through 472.000,00	464.000,00
067	> 434.000,00 through 456.000,00	445.000,00
068	> 420.000,00 through 434.000,00	427.000,00
069	> 400.000,00 through 420.000,00	410.000,00
070	> 388.000,00 through 400.000,00	394.000,00
071	> 368.000,00 through 388.000,00	378.000,00
072	> 358.000,00 through 368.000,00	363.000,00
073	> 340.000,00 through 358.000,00	349.000,00
074	> 330.000,00 through 340.000,00	335.000,00
075	> 314.000,00 through 330.000,00	322.000,00
076	> 304.000,00 through 314.000,00	309.000,00
077	> 290.000,00 through 304.000 ,00	297.000,00
078	> 280.000,00 through 290.000 ,00	285.000,00
079	> 268.000,00 through 280.000,00	274.000,00
080	> 258.000,00 through 268.000,00	263.000,00
081	> 248.000,00 through 258.000,00	253.000,00
082	> 237.000,00 through 248.000,00	243.000,00
083	> 227.000,00 through 237.000,00	232.000,00
084	> 215.000,00 through 227.000,00	221.000;00
085	> 205.000,00 through 2 15.000,00	210.000,00
086	> 195.000,00 through 205.000,00	200.000,00

087

to bw continued

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