

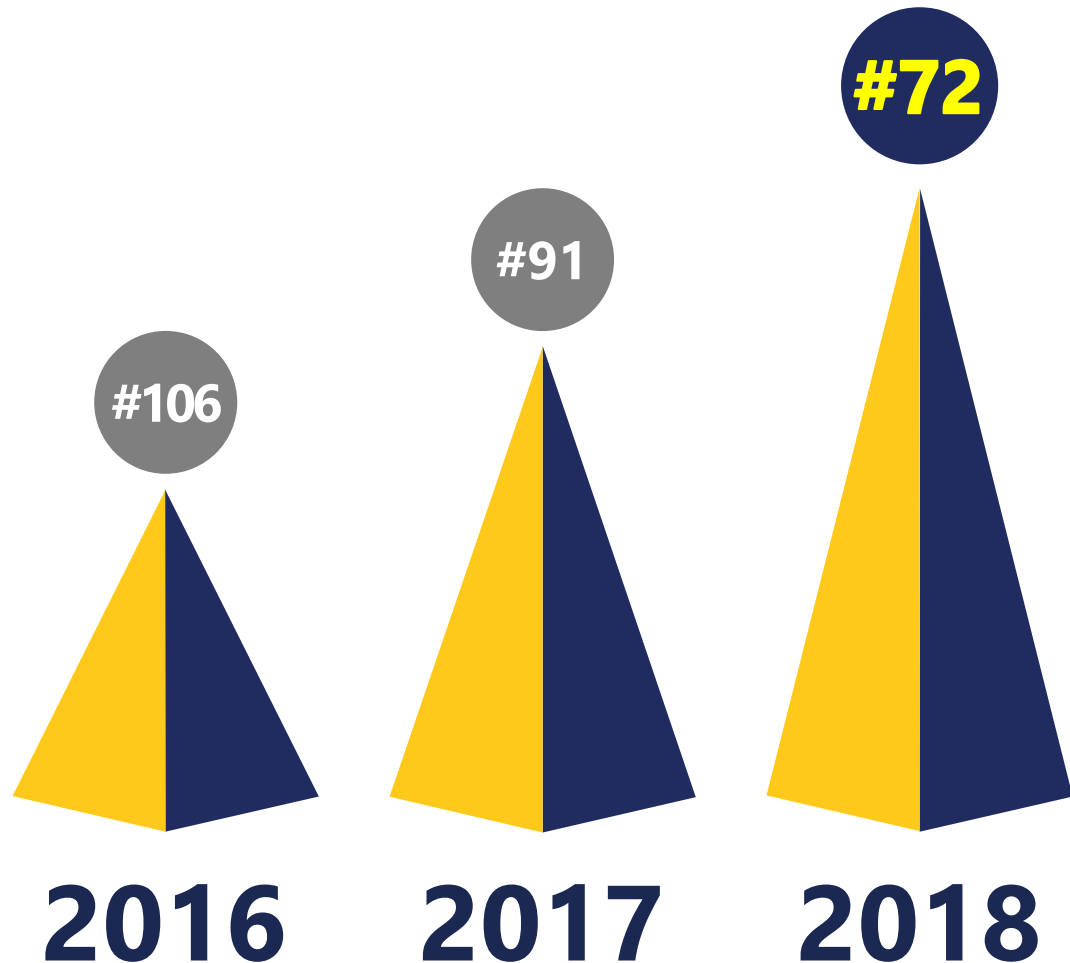


# **Tax Incentives in Indonesia**

# BACKGROUND

*target*  
**#40**

**EASE of  
DOING  
BUSINESS**  
in INDONESIA



# TYPE OF TAX INCENTIVES

## TAX HOLIDAY

Minister of Finance Regulation  
**No. 150/PMK.010/2018**  
concerning Corporate Income Tax  
Reduction Facility

## TAX ALLOWANCE

Government Regulation  
**No. 18 of 2015**  
concerning Income Tax Facilities for  
Investment in Certain Businesses  
and/or in Certain Regions

*as amended by*

Government Regulation  
**No. 9 of 2016**

# TAX HOLIDAY

## Eligible Taxpayer:

1. Pioneer Industry
2. Legal entities in Indonesia
3. Debt to Equity Ratio (Ratio 4:1)
4. Tax Clearance for all shareholders registered in the deed of establishment

# Pioneer Industries

- ✓ Semi-conductor industry and other computer main components
- ✓ Industry of main components for communication devices
- ✓ Upstream basic metal industry
- ✓ Industry of petroleum purification and/or refinement
- ✓ Non-organic basic chemical industry
- ✓ Organic basic chemical industry
- ✓ Raw material industry for pharmaceuticals
- ✓ Petrochemical Industry
- ✓ Industry of main components for medical devices
- ✓ Industry of main components for industrial machinery
- ✓ Manufacturing industry of main components for engines
- ✓ Vessel main component industry
- ✓ Industry of main components for aeroplane
- ✓ Industry of main components for railway
- ✓ Power plant machine industry
- ✓ Infrastructure for economy
- ✓ Digital economy

# TAX HOLIDAY

50% reduction in corporate income tax liability for investment of **IDR 100-500 billion**

**5 years** tax holiday period  
Tax Holiday is exercised at the starting point of commercial production stage

CIT reduction **25%** :  
**Subsequent 2 years** after tax holiday period

100% reduction in corporate income tax liability for minimum investment of **IDR 500 billion**

**Minimum 5 years to maximum 20 years tax holiday period**

Tax Holiday is exercised at the starting point of commercial production stage

CIT reduction **50%** :  
**Subsequent 2 years** after tax holiday period

# TAX ALLOWANCE

applicable to resident corporate taxpayers that invest in:

## **1. Certain businesses**

*covers 71 types of business*

## **2. Certain businesses at certain regions**

*covers 74 types of business at various regions of Indonesia*

# TAX ALLOWANCE

1. **Net income reduction** as much as **30% of tangible fixed assets invested**, including land used for main business activity, to be expensed for **6 years – 5% annually** – starts from the commencement of commercial production
2. **Accelerated depreciation for tangible assets and amortization for intangible assets** acquired for new investment and/or business expansion
3. **Imposition of Income Tax on dividends** paid to non-resident taxpayers other than permanent establishments in Indonesia as much as **10% or lower rate** based on the tax treaty
4. **Loss Carry-Forward** for more than **5 years** *but not more than 10 years*





# Thank You



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