MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

COPY OF
REGULATION OF THE MINISTER OF FINANCE
NUMBER 106 / PMK.011 / 2011
CONCERNING
GOVERNMENT-BORNE IMPORT DUTIES ON THE IMPORT OF GOODS AND
MATERIALS FOR THE MANUFACTURE OF CARPET AND/OR RUG
FOR THE FISCAL YEAR 2011

BY THE GRACE OF GOD ALMIGHTY
THE MINISTER OF FINANCE,

Considering:

a. that in order to meet the procurement of goods and / or services for the public interest and increase the competitiveness of the domestic carpet and/or rug manufacturing industry, it is deemed necessary to provide fiscal incentives in the form of Government-Borne Import Duties on the import of goods and materials by the carpet and/or rug manufacturing industry;

b. that the import of goods and materials by the carpet and/or rug manufacturing industry has met the criteria for the assessment of and requirement for goods and materials to be granted Government-Borne Import Duties pursuant to Article 2 of the Regulation of the Minister of Finance Number 261/PMK.011/2010 on Government-Borne Import Duties on the Import of Goods and Materials To Produce Goods and / or Services For the Public Interest and Increased Competitiveness of Specific Industrial Sectors For the Fiscal Year 2011;

c. that in the context of granting Government-Borne Import Duties on the import of goods and materials by the carpet and/or rug manufacturing industry as referred to in letter b, the budget ceiling for the granting of Government-Borne Import Duties for the Fiscal Year 2011 has been specified;

d. that based on the considerations referred to in letters a, b, and c, and in order to implement the provisions of Article 3 paragraph (4) of the Regulation of the Minister of Finance Number 261/PMK.011/2010 on Government-Borne Import Duties on the Import of Goods and Materials To Produce Goods and / or Services For the Public Interest and Increased Competitiveness of Specific Industrial Sectors For the Fiscal Year 2011, it is deemed necessary to stipulate a Regulation of the Minister of Finance on Government-
Borne Import Duties on the Import of Goods and Materials For the Manufacture of Carpet and / or Rug For the Fiscal Year 2011;

In view of:
1. Law No.10 of 1995 on Customs Affairs (State Gazette of the Republic of Indonesia No. 75 of 1995, Supplement to State Gazette of the Republic of Indonesia No. 3612) as amended by Law No. 17 of 2006 (State Gazette of the Republic of Indonesia No. 93 of 2006, Supplement to State Gazette of the Republic of Indonesia No. 4661);
2. Law No. 17 of 2003 on State Finance (State Gazette of the Republic of Indonesia No. 47 of 2003, Supplement to State Gazette of the Republic of Indonesia No. 4286);
3. Law No. 1 of 2004 on State Treasury (State Gazette of the Republic of Indonesia No. 5 of 2004, Supplement to State Gazette of the Republic of Indonesia No. 4355);
4. Law No. 10 of 2010 on State Budget For 2011 (State Gazette of the Republic of Indonesia No. 126 of 2010, Supplement to State Gazette of the Republic of Indonesia No. 5167);
5. Presidential Decree No. 56/P of 2010;
6. Regulation of the Minister of Finance No. 63/PMK.05/2010 on Mechanisms for the Implementation of and Accountability for Government-Borne Import Duties;
7. Regulation of the Minister of Finance No. 261/PMK.011/2010 on Government-Borne Import Duties on the Import of Goods and Materials To Produce Goods and / or Services For the Public Interest and Increased Competitiveness of Specific Industrial Sectors For the Fiscal Year 2011;

DECIDED:
To stipulate:

Article 3
Unless the context otherwise requires, the words and expressions used herein shall have the following meanings:
1. "Company" means a company primarily engaged in the industrial manufacture of carpet and/or rug.
2. Goods and Materials For the Carpet and/or Rug Manufacturing Industry hereinafter referred to as "Goods and Materials" are finished goods, intermediate goods and / or raw materials to be
Article 2

(1) Government-Borne Import Duties on the Import of Goods and Materials shall be granted as set out in the Annex to Regulation of the Minister of Finance that constitutes an integral part of this Regulation of the Minister of Finance.

(2) Government-Borne Import Duties as referred to in paragraph (1) constitute government-borne subsidized tax expenditures as referred to in the Regulation of the Minister of Finance on Mechanisms for the Implementation of and Accountability for Government-Borne Import Duties.

(3) Government-Borne Import Duties shall not be granted for:
   a. Goods and Materials subject to the general tariff of import duties of 0% (zero percent);
   b. Goods and Materials subject to the tariff of import duties of 0% (zero percent) under any international agreement or treaty;
   c. Goods and Materials subject to Anti-Dumping Import Duties / Provisional Anti-Dumping Import Duties, Safeguard Import Duties / Provisional Safeguard Import Duties, Countervailing Import Duties, Retaliatory Import Duties;
   d. Goods and Materials imported to a Bonded Zone using the Customs Declaration of Imports document by obtaining deferral of import duties and taxes in the context of imports; and/or
   e. Goods and Materials imported in the context of utilizing the Facilitated Import for Export Purposes facility.

(4) Government-Borne Import Duties as referred to in paragraph (1) shall be granted with the budget ceiling of Rp.9,056,000,000.00 (nine billion and fifty-six million Rupiah).

(5) The Minister of Finance in the capacity of State General Treasurer as Budget User of the State General Treasurer Budget Section shall designate a Director-General of Industrial Manufacture Base, the Ministry of Industry as Budget User Authority to make payments of government-borne subsidized tax expenditures.

(6) The allocation of Government-borne Import Duties budget with ceiling as referred to in paragraph (4) to the Company shall be determined by the Budget User Authority as referred to in paragraph (5).
Article 3

(1) To obtain Government-Borne Import Duties as referred to in Article 2 paragraph (1), the Company shall submit an application to the Director General of Customs and Excise with the attached Import Plan approved and validated by the Director General of Industrial Manufacture Base, the Ministry of Industry.

(2) The Import Plan as referred to in paragraph (1) shall at least contain the following data elements:
   a. number and date of the Import Plan;
   b. Company name;
   c. Taxpayer Identification Number;
   d. address;
   e. customs office as the point of entry of goods;
   f. description, type and technical specifications of goods;
   g. tariff lines (HS);
   h. amount / unit of goods;
   i. estimated price of imports;
   j. country of origin;
   k. estimated government-borne import duties; and
   l. Corporate Executives.

Article 4

(1) Against the application as referred to in Article 3 paragraph (1), the Director General of Customs and Excise shall give approval or refusal within a maximum period of 14 (fourteen) days upon receipt of complete application.

(2) The approval as referred to in paragraph (1) may be partial approval or total approval of Goods and Materials listed in the Import Plan attached to the application submitted by the Company as referred to in Article 3.

(3) In the event that the application as referred to in Article 3 paragraph (1) is approved in part or in whole, the Director General of Customs and Excise on behalf of the Minister of Finance shall issue a Decree of the Minister of Finance on Government-Borne Import Duties on the Import of Goods and Materials for the Manufacture of Carpet and/or Rug by the carpet and/or rug manufacturing industry.

(4) In the event that the application as referred to in Article 3 paragraph (1) is refused, the Director General of Customs and
Excise on behalf of the Minister of Finance shall deliver a notice of refusal to the Company by stating the reason thereof.

Article 5

(1) For the realization of Government-Borne Import Duties import whose implementation shall be based on the Decree of the Minister of Finance as referred to in Article 4 paragraph (3), the Office of Customs and Excise Supervision and Services or the local Main Office of Customs and Excise shall affix the stamp of “GOVERNMENT-BORNE IMPORT DUTIES UNDER THE REGULATION OF THE MINISTER OF FINANCE NUMBER 105 / PMK.011/2011” on all sheets of Customs Declaration of Imports.

(2) The Customs Declaration of Imports as referred to in paragraph (1), shall serve as the basis for recording Government-Borne Import Duties revenues and allocated as subsidized tax expenditures in the same amount.

Article 6

(1) In the event of any discrepancies between the Goods and Materials for import and the list of Goods and Materials contained in the Decree of the Minister of Finance as referred to in Article 4 paragraph (3), the Company may apply for amendment of the Decree of the Minister of Finance.

(2) The application as referred to in paragraph (1) - shall be submitted to the Director General of Customs and Excise with the attached Revised Import Plan approved and validated by the Directorate General of Industrial Manufacture Base, the Ministry of Industry.

Article 7

(1) Against the application as referred to in Article 6, the Director General of Customs and Excise shall give approval or refusal within a maximum period of 14 (fourteen) days upon receipt of complete application.

(2) The approval of application for amendment of the Decree of the Minister of Finance as referred to in paragraph (1) may be partial approval or total approval.

(3) In the event that the application as referred to in Article 6 is approved in part or in whole, the Director General of Customs and Excise on behalf of the Minister of Finance shall issue a Decree of the Minister of Finance on Government-Borne Import Duties on
the Import of Goods and Materials for the Manufacture of Carpet and/or Rug by the carpet and/or rug manufacturing industry.

(4) In the event that the application as referred to in Article 6 is refused, the Director General of Customs and Excise on behalf of the Minister of Finance shall deliver a notice of refusal to the Company by stating the reason thereof.

Article 8

The implementation of and accountability for Government-Borne Import Duties as referred to in Article 2, shall be in accordance with the provisions of the Regulation of the Minister of Finance governing the mechanisms for the implementation of and accountability for Government-Borne Import Duties.

Article 9

(1) Goods and Materials for which Government-Borne Import Duties are granted must be used by the relevant Company for the manufacture of carpet and/or rug and may not be transferred or assigned to any other party.

(2) For any abuse of the provisions as referred to in paragraph (1), the Company shall be required to pay the import duties payable plus interest of 2% (two percent) per month no later than 24 (twenty four) months upon realization of the Government-Borne Import Duties import as referred to in Article 5 paragraph (1).

Article 10

This Regulation of the Minister of Finance shall be effective as of the date enacted until December 31, 2011.

For public cognizance, ordering the promulgation of this Regulation of the Minister of Finance by publishing it in the Official Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On 18 July 2011
MINISTER OF FINANCE
Signed,
AGUS D.W. MARTOWARDOJO
Promulgated in Jakarta
On July 18, 2011
MINISTER OF LAW AND
HUMAN RIGHTS,
signed,
PATRIALIS AKBAR

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NO. 416 OF 2011
Issued as True Certified Copy
HEAD OF THE GENERAL AFFAIRS
BUREAU
represented by
HEAD OF THE MINISTERIAL
ADMINISTRATIVE DIVISION
GIARTO
NIP 195904201984021001
LIST OF GOODS AND MATERIALS FOR THE MANUFACTURE OF CARPET AND/OR RUG
FOR WHICH GOVERNMENT-BORNE IMPORT DUTIES ARE GRANTED
FOR THE FISCAL YEAR 2011

<table>
<thead>
<tr>
<th>NO.</th>
<th>DESCRIPTION OF GOODS</th>
<th>SPECIFICATIONS</th>
<th>INCLUDED IN THE TARIFF LINES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Polypropylene</td>
<td>Granulated</td>
<td>3902.10.20.00</td>
</tr>
<tr>
<td>2.</td>
<td><em>Pigment color master batch for polypropylene</em></td>
<td>Granulated / powder / chips / liquid / paste</td>
<td>3204.90.00.00</td>
</tr>
<tr>
<td>3.</td>
<td><em>Gel foam latex</em></td>
<td>Made of styrene butadiene / styrofan</td>
<td>4002.11.00.00</td>
</tr>
<tr>
<td>4.</td>
<td><em>Gel foam latex</em></td>
<td>Made of butanol / alkaline compounds</td>
<td>4002.91.90.00</td>
</tr>
<tr>
<td>5.</td>
<td><em>Wool fiber</em></td>
<td>Carded or combed wool, including <em>fleeced-washed wool</em>, shaved wool</td>
<td>5101.11.00.00</td>
</tr>
<tr>
<td>6.</td>
<td><em>Jute yarn</em></td>
<td>Double (folded) or cabled</td>
<td>5307.20.00.00</td>
</tr>
<tr>
<td>7.</td>
<td><em>Nylon yarn</em></td>
<td>Synthetic-textured yarn of nylon with the size of each single yarn more than 50 texts</td>
<td>5402.32.00.00</td>
</tr>
<tr>
<td>8.</td>
<td><em>Primary carpet backing/secondary carpet backing</em></td>
<td>Man made textile net fabrics material</td>
<td>5608.19.90.00</td>
</tr>
</tbody>
</table>
MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

Issued as True Certified Copy

HEAD OF THE GENERAL AFFAIRS
BUREAU

represented by

HEAD OF THE MINISTERIAL
ADMINISTRATIVE DIVISION

GIARTO
NIP. 195904201984021001

THE MINISTER OF FINANCE,
signed,

AGUS D.W. MARTOWARDOJO
NIP. 195904201984021001