MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

COPY OF

REGULATION OF THE MINISTER OF FINANCE
NUMBER 22 / PMK.011 / 2011

ON

GOVERNMENT-BORNE VALUE ADDED TAX ON THE IMPORT OF GOODS FOR THE NEED OF UPSTREAM OIL AND NATURAL GAS EXPLORATION BUSINESS ACTIVITIES AND GEOTHERMAL EXPLORATION BUSINESS ACTIVITIES FOR THE FISCAL YEAR 2011

BY THE GRACE OF GOD ALMIGHTY

THE MINISTER OF FINANCE,

Considering :

a. that in the framework of driving up national oil and natural gas as well as geothermal production, it is necessary to grant fiscal incentives to upstream oil and natural gas exploration business activities and geothermal exploration business activities;

b. that having regards to letter a and in the framework of implementing the provision of Article 3 item (2) letter b point 2) of Act Number 10 Year 2010 on State Revenues and Expenditures Budget for Fiscal Year 2011, it is necessary to stipulate Regulation of the Minister of Finance on Government-Borne Value Added Tax on the Import of Goods for the Need of Upstream Oil and Natural Gas Exploration Business Activities and Geothermal Exploration Business Activities for Fiscal Year 2011;

In View of :

1. Act Number 17 Year 2003 on State Finance (State Gazette of the Republic of Indonesia Year 2003 Number 47, Supplement to State Gazette of the Republic of Indonesia Number 4286);

2. Act Number 1 Year 2004 on State Treasury (State Gazette of the Republic of Indonesia Year 2004 Number 5, Supplement to State Gazette of the Republic of Indonesia Number 4355);

3. Act Number 10 Year 2010 on State Revenues and Expenditures Budget for Fiscal Year 2011 (State Gazette of the Republic of Indonesia Year 2010 Number 126, Supplement to State Gazette of
DECIDES:

To stipulate:


Article 1

(1) Value Added Tax payable on the import of goods used for the need of upstream oil and natural gas exploration business activities and geothermal exploration business activities by the entrepreneurs in the field of upstream oil and natural gas business activities or the entrepreneurs in the field of geothermal business activities shall be borne by the Government.

(2) Government-borne Value Added Tax as referred to in item (1) shall be Government-borne tax subsidy expenditure as stipulated in Regulation of the Minister of Finance on the mechanisms of implementation and accountability for Government-borne tax.

(3) Government-borne Value Added Tax as referred to in item (1) shall be given a budget ceiling as set forth in Act Number 10 Year 2010 on State Revenues and Expenditures Budget for Fiscal Year 2011 along with amendments thereto.

Article 2

(1) Government-borne Value Added Tax as referred to in Article 1 shall be granted to goods decidedly used for the need of upstream oil and natural gas exploration business activities and geothermal exploration business activities with the following conditions:

a. the goods have not been produced in the country;

b. the goods have been produced in the country but have not met the required specifications; or

c. the goods have been produced in the country but the quantity thereof has not been sufficient to the need of industry.
MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

(2) The upstream oil and natural gas exploration business activities as referred to in item (1) shall be activities intended to collect information on geological conditions to find and estimate oil and natural gas reserves in designated areas.

(3) The geothermal exploration business activities as referred to in item (1) shall be a series of activities covering geological, geophysical and geochemical investigations, test drilling, and drilling of exploration wells with a view of obtaining and supplementing information on under-surface geologic condition in order to find and estimate geothermal potential.

Article 3

The entrepreneurs as referred to in Article 1 item (1) shall cover:

a. Entrepreneurs operating in the field of upstream oil and natural gas business activities that have signed cooperation contracts with the Government of the Republic of Indonesia following the enforcement of Act Number 22 Year 2001 on Oil and Natural Gas.

b. Entrepreneurs operating in the field of geothermal business activities that have signed contracts with the Government of the Republic of Indonesia or obtained Geothermal Mining Business License after December 31, 1994, or the entrepreneurs in geothermal field that obtain assignment from the Government of the Republic of Indonesia to undertake preliminary survey.

Article 4

The goods as referred to in Article 1 item (1) shall be goods mentioned in Import Customs Notification already obtaining registration number from the Customs and Excise Supervisory and Service Offices and Primary Customs and Excise Service Offices overseeing ports of entry as from the date of enforcement of this Regulation of the Minister of Finance.

Article 5

(1) Every application for obtaining Government-borne Value Added Tax on the import of goods used for the need of upstream oil and natural gas exploration business activities as referred to in Article 2 item (2) shall be submitted to the Director General of Customs and Excise, accompanied by Goods Import Plan (GIP/RIB) already approved and legalized by the Director General of Oil and Natural Gas, Ministry of Energy and Mineral Resources, with due regard to the provision as referred to in Article 2 item (1).
Every application for obtaining Government-borne Value Added Tax on the import of goods used for the need of geothermal exploration business activities as referred to in Article 2 item (3) shall be submitted to the Director General of Customs and Excise, accompanied by Goods Import Plan (GIP/RIB) already approved and legalized by the Director General of New, Renewable Energy and Energy Conservation, Ministry of Energy and Mineral Resources, with due regard to the provision as referred to in Article 2 item (1).

GIP/RIB as referred to in item (1) or item (2) shall contain at least the following data elements:

a. Number and Date of GIP/RIB;
b. Name of Contractor Company;
c. Taxpayer Registration Number (TRN/NPWP);
d. Address;
e. Contract Base;
f. Contract Area;
g. Customs Office Overseeing the Import of Goods;
h. Tariff Heading;
i. Description of Goods;
k. Total/Unit of Goods;
l. Estimated Import Price/Value;
m. Type of Activities (exploration or exploitation); and
n. Leader of Contractor Company.

The application as referred to in item (1) or item (2) shall be submitted in one (1) GIP/RIB at the same time as the moment of submission of application for import duty exemption as referred to in Regulation of the Minister of Finance Number 177/PMK.011/2007 on Import Duty Exemption on the Import of Goods for the Need of Upstream Oil and Natural Gas Business Activities and Geothermal Business Activities along with amendments thereto.

Article 6

After receiving the documents as referred to in Article 5, the
Directorate General of Customs and Excise shall later put seal “GOVERNMENT-BORNE VAT EX 22/PMK.011/2011” on all sheets of Import Customs Notification and Tax Payment Form.

(2) The copy of GIP/RIB as referred to in Article 5 item (1) or item (2) shall be submitted to:
   a. The Director General of Oil and Natural Gas, Ministry of Energy and Mineral Resources, and the Head of the Executive Board of Upstream Oil and Natural Gas Business Activity, in the case of upstream oil and natural gas business activities; and

(3) The Director General of Customs and Excise shall submit a List of the Amount of Government-Borne Tax every quarter to the Director General of Taxation in this case the Director of Compliance and Revenue Potential as Budget User Authority for Government-Borne tax subsidy expenditure in no later than the end of the ensuing month after the quarter expires.

(4) Based on the List of the Amount of Government-Borne Tax as referred to in item (3), the Director General of Taxation in this case the Director of Compliance and Revenue Potential shall instruct the Commitment-Making Official and the Payment Order Signatory Official according to their respective duties to:
   a. issue Payment Request Form on the realization of government-borne tax subsidy expenditure;
   b. issue Payment Order; and
   c. deliver Payment Order to the State Treasury Services Office, the Directorate General of State Treasury to obtain Fund Disbursement Order for the implementation of State Budget expenditure for Government-Borne tax subsidy.

Article 7

The Director General of Taxation and Director General of Customs and Excise shall be instructed to implement the provisions in this Regulation of the Minister of Finance.

This Regulation of the Minister of Finance shall come into force from the date of promulgation up to December 2011.

For public cognizance, this Regulation of the Minister of Finance
shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On February 7, 2011
THE MINISTER OF FINANCE,
Sgd
AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta
On February 7, 2011
THE MINISTER OF LAW AND HUMAN RIGHTS,
Sgd
PATRIALIS AKBAR
STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 62

Issued as a true certified copy
HEAD OF THE GENERAL AFFAIRS BUREAU
represented by
HEAD OF THE MINISTERIAL ADMINISTRATIVE DIVISION

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