



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

**COPY**  
REGULATION OF THE FINANCE MINISTER  
NUMBER 81/PMK.03/2009  
ON  
ESTABLISHING OR ACCRUING RESERVE FUNDS THAT ARE  
DEDUCTIBLE AS COST

THE FINANCE MINISTER,

Having considered : That in implementing the provisions in Article 9 paragraph (1) letter c of Law Number 7 of 1983 on Income Tax as amended several times and last by Law Number 36 of 2008, it is necessary to enact a Regulation of the Finance Minister on Establishing or Accruing Reserve Funds that are Deductible as Cost;

Having observed : 1. Law Number 6 of 1983 on General Provisions and Procedures for Taxation (State Gazette of the Republic of Indonesia Number 49 of 1983, Supplement to the State Gazette of the Republic Indonesia Number 3262) as amended several times and last by Law Number 28 of 2007 (State Gazette of the Republic of Indonesia Number 85 of 2007, Supplement to the State Gazette of the Republic Indonesia Number 4740);

2. Law Number 7 of 1983 on Income Tax (State Gazette of the Republic of Indonesia of 1983 Number 50, Supplement to the State Gazette of the Republic Indonesia number 3263) as amended several times and last by Law Number 36 of 2008 (State Gazette of the Republic of Indonesia Number 133 of 2008, Supplement to the State Gazette of the Republic Indonesia Number 4893);

3. Presidential Decree Number 20/P of 2005;

HAS DECIDED:

To enact : REGULATION OF THE FINANCE MINISTER ON  
ESTABLISHING OR ACCRUING RESERVE FUNDS THAT  
ARE DEDUCTIBLE AS COST

Article 1

Reserve funds established or accrued that may be deducted as cost include the following:

- a. Reserves for non-performing receivables of banks and other financing companies, leasing companies with option rights, consumer financing companies and factoring companies, that include:
  1. Reserves for non-performing loans of:
    - a) Commercial banks operating conventional banking;
    - b) Commercial banks operating Islamic banking (*sharia*) principles;



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- c) People's Credit Union Banks operating conventional banking;
- d) People's Credit Union Banks operating Islamic banking principles;
- 2. Special Reserves for Loan Losses of other financing businesses other than commercial banks and people's credit union banks, that provide loans to the public, that include:
  - a) Savings and Loans Cooperatives; and
  - b) PT Permodalan Nasional Madani (Persero);
- 3. Reserves for non-performing receivables of leasing companies with option rights for financing capital goods utilized by the lessee for a certain period under a lease with option rights;
- 4. Reserves for non-performing receivables of consumer financing companies for financing consumer goods under installment payment scheme;
- 5. Reserves for non-performing receivables of factoring companies that provide short term factoring facilities including administration services for these receivables;
- b. Reserves in insurance companies shall include:
  - 1. Net Unearned Premium Reserves and Net Claim Reserves for General Insurance companies
  - 2. Unearned Premium Reserves for life insurance companies
- c. Reserves for deposit insurance of Indonesian Deposit Insurance Corporation (*Lembaga Penjamin Simpanan*), that guarantees the funds of depositors and actively takes part in stabilizing the banking system with due regard to their authority.
- d. Reserves for reclamation costs of mining companies that are allocated for the rehabilitation or reconditioning of the exploited land and to restore it to its intended function and purpose.
- e. Reserves for reforestation costs allocated by forestry industries that are obligated to replant the exploited forest to manage the forest and the forestry area and its products under an integrated system.
- f. Reserves for the costs of closing and maintaining industrial waste dump sites of businesses that deals in processing industrial waste, which are the costs that are allocated for closing and maintaining the industrial dump sites including storing, collecting, transporting, utilizing, and processing industrial waste and stockpiling its products.



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

Article 2

- (1) The amount of reserves for non-performing loans from commercial banks operating conventional banking as referred to in Article 1 letter a figure 1 point a) shall be determined as follows:
  - a. 1 % (one percent) of the loans classified as current, not including Bank Indonesia Certificates and Government Bonds;
  - b. 5 % (five percent) of the loans classified as special mention after deducting the value of the collateral;
  - c. 15% (fifteen percent) of the loans classified as substandard after deducting the value of the collateral;
  - d. 50 % (fifty percent) of the loans classified as doubtful after deducting the value of the collateral; and
  - e. 100% (one hundred percent) of the loans classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
  - a. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
  - b. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
- (3) The value of the loans applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal loan granted by the commercial bank operating conventional banking.
- (4) Losses from receivables that are evidently uncollectible shall be charged to the estimated reserves for non-performing receivables.
- (5) In the event that the reserves for non-performing receivables, wholly or partially, are not used to cover the loss as referred to in paragraph (4), then the surplus reserves shall be treated as income.
- (6) In the event that the reserves for non-performing receivables that are applied to cover the losses as referred to in paragraph (4), are not sufficient, the shortage of the reserves shall be treated as loss.

Article 3

- (1) The amount of reserves for non-performing loans from commercial banks operating the Islamic banking principles as referred to in Article 1 letter a figure 1 point b) shall be determined as follows:
  - a. 1 % (one percent) of the loans classified as current, not including Bank Indonesia *Wadiah* Certificates and Government Bonds applying the *sharia* principles;
  - b. 5 % (five percent) of the loans classified as special mention after deducting the value of the collateral;
  - c. 15% (fifteen percent) of the loans classified as substandard after deducting the value of the collateral;



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- d. 50 % (fifty percent) of the loans classified as doubtful after deducting the value of the collateral; and
  - e. 100% (one hundred percent) of the loan classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
    - a. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
    - b. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
  - (3) The value of the loans applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal loan granted by the commercial bank operating the Islamic banking principles.
  - (4) Losses from receivables that are evidently uncollectible shall be charged to the estimated reserves for non-performing receivables.
  - (5) In the event that the reserves for non-performing receivables, wholly or partially, are not applied to cover the losses as referred to in paragraph (4), then the surplus reserves shall be treated as income.
  - (6) In the event that the reserves for non-performing receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 4

- (1) The amount of reserves for non-performing loans from people's credit union banks operating conventional banking as referred to in Article 1 letter a figure 1 point c) shall be determined as follows:
  - a. 0.5 % (one half percent) of the loans classified as current, not including Bank Indonesia Certificates;
  - b. 10% (ten percent) of the loans classified as substandard after deducting the value of the collateral;
  - c. 50 % (fifty percent) of the loans classified as doubtful after deducting the value of the collateral; and
  - d. 100% (one hundred percent) of the loans classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
  - a. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
  - b. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
- (3) The value of the loans applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal loan granted by the commercial bank operating the Islamic banking principles.
- (4) Losses from receivables that are evidently uncollectible shall be charged to the estimated reserves for non-performing receivables.



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- (5) In the event that the reserves for non-performing receivables, wholly or partially, are not used to cover the losses as referred to in paragraph (4), then the surplus reserves shall be treated as income.
- (6) In the event that the reserves for non-performing receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 5

- (1) The amount of reserves for non-performing loans from people's credit union banks operating Islamic banking principles as referred to in Article 1 letter a figure 1 point d) shall be determined as follows:
  - a. 0.5 % (one half percent) of the loans classified as current, not including Bank Indonesia *Wadiah* Certificates;
  - b. 10% (ten percent) of the loans classified as substandard after deducting the value of the collateral;
  - c. 50 % (fifty percent) of the loans classified as doubtful after deducting the value of the collateral; and
  - d. 100% (one hundred percent) of the loans classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
  - a. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
  - b. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
- (3) The value of the loans applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal loan granted by the commercial bank operating the Islamic banking principles.
- (4) Losses from receivables that are evidently uncollectible shall be charged to the estimated reserves for non-performing receivables.
- (5) In the event that the reserves for non-performing receivables, wholly or partially, are not used to cover the losses as referred to in paragraph (4), then the surplus reserves shall be treated as income.
- (6) In the event that the reserves for non-performing receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 6

- (1) The amount of reserves for non-performing loans from Loans and Savings Cooperatives as referred to in Article 1 letter a figure 2 point a) shall be determined as follows:
  - a. 0.5 % (one half percent) of the loans classified as current;
  - b. 10% (ten percent) of the loans classified as substandard after deducting the value of the collateral;



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- c. 50 % (fifty percent) of the loans classified as doubtful after deducting the value of the collateral; and
  - d. 100% (one hundred percent) of the loans classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
  - a. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
  - b. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
- (3) The value of the loans applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal loan granted by the commercial bank operating the Islamic banking principles.
- (4) Losses from receivables that are evidently uncollectible shall be charged to the estimated reserves for non-performing receivables.
- (5) In the event that the reserves for non-performing receivables, wholly or partially, are not applied to cover the losses as referred to in paragraph (4), then the surplus reserves shall be treated as income.
- (6) In the event that the reserves for non-performing receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 7

- (1) The amount of special reserves for financing allowances of PT Permodalan Nasional Madani (Persero) as referred to in Article 1 letter a figure 2 point b) shall be determined as follows:
  - a. 2.5 % (two and a half percent) of the debit balance classified as special mention after deducting the value of the collateral;
  - b. 5 % (five percent) of the debit balance classified as substandard after deducting the value of the collateral;
  - c. 50 % (fifty percent) of the debit balance classified as doubtful after deducting the value of the collateral; and
  - d. 100% (one hundred percent) of the debit balance classified as loss after deducting the value of the collateral.
- (2) The value of the collateral that may be deducted from the reserves as referred to in paragraph (1) shall be the maximum of:
  - c. 100 % (one hundred percent) of the value of the liquid (cash) collateral; and
  - d. 75 % (seventy five percent) of the value of other collateral or the value of the collateral as appraised by an appraising company.
- (3) The value of the debit balance applied as the basis for establishing the reserves as referred to in paragraph (1) is the value of the principal of the debit balance provided by PT Permodalan Nasional Madani (Persero).
- (4) Losses from financing that are evidently uncollectible shall be charged to the estimated special reserves for the allowances for financing.



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- (5) In the event that the special reserves for allowances for financing, wholly or partially, are not applied to cover the losses as referred to in paragraph (4), then the surplus reserves shall be treated as income.
- (6) In the event that the special reserves for allowances for financing that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 8

- (1) The amount of reserves for non-performing receivables of leasing companies with option rights as referred to in Article 1 letter a figure 3 shall be a maximum of 2.5 % (two and a half percent) from the average beginning balance and the ending balance of the receivables.
- (2) The real loss deriving from receivables that are evidently uncollectible shall be charged to the estimated reserves for uncollectible receivables.
- (3) In the event that the reserves for uncollectible receivables, wholly or partially, are not applied to cover the losses as referred to in paragraph (2), then the surplus reserves shall be treated as income.
- (4) In the event that the reserves for uncollectible receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 9

- (1) The amount of reserves for non-performing receivables of consumer financing companies as referred to in Article 1 letter a figure 4 shall be a maximum of 5 % (five percent) from the average beginning balance and the ending balance of the receivables.
- (2) The real loss deriving from receivables that are evidently uncollectible shall be charged to the estimated reserves for uncollectible receivables.
- (3) In the event that the reserves for uncollectible receivables, wholly or partially, are not applied to cover the losses as referred to in paragraph (2), then the surplus reserves shall be treated as income.
- (4) In the event that the reserves for uncollectible receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 10

- (1) The amount of reserves for non-performing receivables of factoring companies as referred to in Article 1 letter a figure 5 shall be a maximum of 5 % (five percent) from the average beginning balance and the ending balance of the receivables.
- (2) The real loss deriving from receivables that are evidently uncollectible shall be charged to the estimated reserves for uncollectible receivables.
- (3) In the event that the reserves for uncollectible receivables, wholly or partially, are not applied to cover the losses as referred to in paragraph (2), then the surplus reserves shall be treated as income.



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- (4) In the event that the reserves for uncollectible receivables that are applied to cover the losses as referred to in paragraph (4) are not sufficient, the shortage of the reserves shall be treated as loss.

Article 11

In the event that the Tax Payer concurrently operates a leasing business with option rights, consumer financing and/or factoring, then the amount of reserves for non-performing receivables as referred to in Article 8, Article 9 and /or Article 10 shall be calculated based on the receivables of each business.

Article 12

- (1) The amount of reserves for net unearned premium of general insurance companies as referred to in Article 1 letter b figure 1 shall be 40 % (forty percent) from the earned premium or gained in the current tax year.
- (2) The reserves for net unearned premium as referred to in paragraph (1) are the premium received or gained but not treated as income for the current tax year.
- (3) The reserves for net unearned premium as referred to in paragraph (1) shall be treated as income for the subsequent tax year.

Article 13

- (1) The amount of reserves for net claims of general insurance companies as referred to in Article 1 letter b figure 1 shall be 100 % (one hundred percent) of the agreed claims that are not yet paid and still in process for claim, but not including claims not yet submitted.
- (2) The reserves for net claims of general reserves as referred to in paragraph (1) shall be established at the end of the tax year.
- (3) The actual claim paid by the general insurance company shall be charged to the estimated reserves for net claims.
- (4) In the event that the reserves for net claims as referred to in paragraph (1), wholly or partially, are not applied to cover the loss as referred to in paragraph (3), then the surplus reserves shall be treated as income.
- (5) In the event that the net claim as referred to in paragraph (1) is applied to cover the losses as referred to in paragraph (3) is not sufficient, the shortage of the reserves shall be charged as cost.

Article 14

- (1) The amount of reserves for unearned premiums of life insurance companies as referred to in Article 1 letter b figure 2 shall be determined by actuary calculation,





FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- approved by the Supervisory Board of Capital Market and Financial Institutions.
- (2) The increase of the balance of reserves at the end of year compared to the balance of the beginning of the year as referred to in paragraph (1) shall be calculated as cost of the current year.
  - (3) In the event the claim is paid to the beneficiary, the amount paid shall be charged to the estimated reserves for premium.

Article 15

The amount of reserves for deposits of the Deposits Insurance Corporation as referred to in Article 1 letter c shall be 80 % (eighty percent) from the surplus gained by the Indonesian Deposit Insurance Corporation from its operations accumulated in 1 (one) year in accordance with the law on Indonesian Deposit Insurance Corporation.

Article 16

- (1) The amount of reserves for reclamation costs of mining companies as referred to in Article 1 letter d shall be the actual cost charged to the estimated reserves for reclamation cost.
- (2) The reserves for reclamation costs for mining companies as referred to in paragraph (1) shall be calculated in accordance with the laws on energy and mineral resources mining.
- (3) In the event after the end of the contract or after the completion of the mining operation there is a difference between the reserves for reclamation cost and the actual cost expended, then the difference shall be income or loss for the current year.

Article 17

- (1) The amount of reserves for reforestation costs for companies in forestry business as referred to in Article 1 letter e shall be the actual cost charged to the estimated reserves for reforestation costs.
- (2) The reserves for reforestation costs for forestry companies as referred to in paragraph (1) shall be calculated in accordance with the laws on forestry.
- (3) In the event after the end of the contract there is a difference between the reserves for reforestation costs and the actual cost expended, then the difference shall be income or loss for the current year.

Article 18

- (1) The amount of reserves for the costs of closing and maintaining industrial waste dump sites for companies in industrial waste business as referred to in Article 1 letter f, shall be the actual costs charged to the estimated reserves for the costs to close and maintain the industrial waste dump sites.



FINANCE MINISTER  
OF THE REPUBLIC OF INDONESIA

- (2) The reserves for costs to close and maintain the industrial waste dump sites as referred to in paragraph (1) shall be calculated in accordance with the laws on environment.
- (3) In the event that after the end of the contract there is a difference between the reserves for costs of closing and maintaining the industrial waste dump sites and the actual cost expended, then the difference shall be income or loss for the current year.

Article 19

Upon enactment of this Regulation of the Finance Minister, the Finance Minister Decree Number 80/KMK.04/1995 on the Amount of Reserve Funds that are Deductible as Costs as amended several times and last by Regulation of Finance Minister Number 83/PMK.03/2006 is revoked and no longer valid.

Article 20

This Regulation of the Finance Minister shall be effective as of the date of enactment and retroactive per 1 January 2009.

In order that this Regulation is made known to the general public, it is hereby ordered that this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Enacted in Jakarta  
On 22 April 2009  
Finance Minister

Signed

SRI MULYANI INDRAWATI

This copy is in conformity with the original  
Head of General Affairs Bureau  
For  
Head of Administration of Ministry of Finance

(signed and sealed with the seal of the General Affairs Bureau)

Antonius Suharto  
NIP 060041107