

**CHAIRMAN OF THE INVESTMENT COORDINATING BOARD OF
THE REPUBLIC OF INDONESIA**

**REGULATION OF
THE CHAIRMAN OF THE INVESTMENT COORDINATING BOARD
NUMBER 12 YEAR 2011**

**CONCERNING
THE GUIDELINES AND PROCEDURES FOR SUBMITTING THE
APPLICATION FOR CORPORATE INCOME TAX EXEMPTION OR
DEDUCTION FACILITY**

WITH THE BLESSING OF GOD THE ALMIGHTY

CHAIRMAN OF THE INVESTMENT COORDINATING BOARD,

- Considering:**
- a. whereas in the context of expediting the process of the provision of Corporate Income Tax exemption or deduction facility in the context of investment as regulated in Regulation of the Minister of Finance Number 130/PMK.011/2011 concerning the Provision of Corporate Income Tax Exemption or Deduction Facility, it is necessary to regulate a guideline in the context of implementing the intended regulation;
 - b. whereas based on the consideration as intended in point a, it is necessary to stipulate a Regulation of the

Chairman of the Investment Coordinating Board concerning the Guidelines and Procedures for Submitting the Application for Corporate Income Tax Exemption or Deduction Facility;

- In view of :**
1. Law Number 6 Year 1983 concerning the General Provisions and Procedures on Taxation (State Gazette of the Republic of Indonesia Year 1983 Number 49, Supplement to State Gazette of the Republic of Indonesia Number 3262) as amended for several times with the most recent amendment by Law Number 16 Year 2009 (State Gazette of the Republic of Indonesia Year 2009 Number 62, Supplement to State Gazette of the Republic of Indonesia Number 4953);
 2. Law Number 7 Year 1983 concerning Income Tax (State Gazette of the Republic of Indonesia Year 1983 Number 50, Supplement to State Gazette of the Republic of Indonesia Number 3263), as amended for several times with the most recent amendment by Law Number 36 Year 2008 (State Gazette of the Republic of Indonesia Year 2008 Number 133, Supplement to State Gazette of the Republic of Indonesia Number 4893);

3. Law Number 5 Year 1984 concerning Industry (State Gazette of the Republic of Indonesia Year 1984 Number 22, Supplement to State Gazette of the Republic of Indonesia Number 3274);
4. Law Number 25 Year 2007 concerning Investment (State Gazette of the Republic of Indonesia Year 2007 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 4724);
5. Government Regulation Number 94 Year 2010 concerning the Calculation of Taxable Income and the Settlement of Income Tax in the Current Year (State Gazette of the Republic of Indonesia Year 2010 Number 161 Supplement to State Gazette of the Republic of Indonesia Number 5183);
6. Presidential Regulation Number 90 Year 2007 concerning the Investment Coordinating Board;
7. Presidential Regulation Number 28 Year 2008 concerning the National Industrial Policy;
8. Presidential Regulation Number 27 Year 2009 concerning the One-Stop Integrated Service in the Investment Sector;
9. Regulation of the Minister of Finance Number 130/PMK.011/2011 concerning the Provision of

Corporate Income Tax Exemption or Deduction Facility;

10. Regulation of the Chairman of the Investment Coordinating Board Number 90/SK/2007 concerning the Organization and Operational Procedures of the Investment Coordinating Board as amended for several times with the most recent amendment by Regulation of the Chairman of the Investment Coordinating Board Number 1 Year 2011;

HAS DECIDED TO:

Stipulate : REGULATION OF THE CHAIRMAN OF THE INVESTMENT COORDINATING BOARD CONCERNING THE GUIDELINES AND OPERATIONAL PROCEDURES FOR SUBMITTING THE APPLICATION FOR CORPORATE INCOME TAX EXEMPTION OR DEDUCTION FACILITY.

Article 1

In this Regulation, the following terms shall have the meaning as follows:

1. Pioneering Industry is an industry having a broad linkage, providing added value and high externality, introducing new technology, as well as having a strategic value for the national economy.

2. Company is a pioneering industry company having the status of Indonesia legal entity which has obtained the approval of the Ministry of Law and Human Rights.
3. Tax Sparing is the acknowledgement of the provision of exemption and deduction facility from the Government of Indonesia in calculating Income Tax in the domicile country in the amount of provided facility.
4. Approval of new investment is in the form of Investment Principle License, namely a license for initiating investment activity in the fields of business which may receive a fiscal facility and require a fiscal facility in its investment making.
5. The Investment Coordinating Board, hereinafter abbreviated to the BKPM, is a Non-Ministry Governmental Institution having responsibilities in the investment sector, which is led by a Chairman who is under and directly responsible to the President.
6. The Directorate General of Industrial Development is the Directorate General of Agro-Industry, Directorate General of High Tech-Based First Class Industry and the Directorate General of Manufacture Industrial Basis performing duties and responsibilities in industrial development in accordance with their authority.
7. The Agency for Industrial Climate and Quality Policy Assessment, hereinafter abbreviated to the BPKIMI, is a supporting element being under and responsible to the Minister of Industrial Affairs which has a duty to conduct investigations and assessments as well as the preparation of

- the plan for medium-term and long-term industrial development macro-policy, priority industry cluster development policy as well as industrial climate and quality.
8. One-Stop Integrated Service, hereinafter abbreviated to PTSP, is an activity of licensing and non-licensing administration delegated or authorized by an institution or agency having licensing and non-licensing authority, the management process of which is initiated from the phase of application to the phase of document issuance, which is conducted in one location.
 9. The Team is a work group consisting of the element of the BKPM, the Directorate General of Industrial Development and the BPKIMI which conducts the activity of application verification and assessment as well as policy effectiveness evaluation determined based on a Decision of the Chairman of the BKPM.

Article 2

- (1) The Pioneering Industry as intended in Article 1 sub-article 1, shall include:
 - a. base metal industry;
 - b. industry of oil refinery and/or organic basic chemical originating from oil and gas;
 - c. machinery industry;
 - d. industry in the renewable resources sector; and
 - e. communication device industry.

- (2) In addition to the Pioneering Industry set out in paragraph (1), the Minister of Finance, by considering the purpose of maintaining the national industry competitiveness and strategic value of certain business activities, may determine other Pioneering Industries.
- (3) The Pioneering Industry as intended in paragraphs (1) and (2) may be provided with corporate Income Tax exemption or deduction facility after verification and assessment.
- (4) The verification and assessment as intended in paragraph (3) shall be made by the Team.

Article 3

- (1) A Company shall submit the application for corporate Income Tax exemption or deduction facility to the Chairman of the BKPM through PTSP of the BKPM with a copy to the Deputy Chairman for Investment Service.
- (2) The application as intended in paragraph (1) must be completed with as follows:
 - a. Photocopy of the card of Tax Payer Registration Number;
 - b. Approval of new investment issued by the Chairman of the BKPM;
 - c. Statement of Capability to place funds by no less than 10% (ten percent) of the total investment plan with banks in Indonesia in case of approval of the application by the Minister of Finance;

- d. Legal entity authentication document of the company from the Ministry of Law and Human Rights;
- e. Statement of provisions on tax sparing in the domicile country, completed with its regulatory documents;
- f. Application form filled out by the applicant as set out in Attachment I to this Regulation.

Article 4

- (1) The Chairman of the BKPM shall assign the Deputy Chairman for Investment Service to make verification and assessment of the application for corporate Income Tax exemption or deduction facility as intended in Article 3 paragraph (1), as materials for recommendation to the Chairman of the BKPM.
- (2) In the event that the Chairman of the BKPM is absent for 2 (two) business days, the Deputy Chairman for Investment Service shall take the initiative to make verification and assessment.
- (3) In the context of the verification and assessment as intended in paragraph (1), the Deputy Chairman for Investment Service shall assign the Team to make verification and assessment.
- (4) The Team shall coordinate with the other relevant agencies in making the completeness verification and application assessment as intended in paragraph (3).

Article 5

A Company submitted an application shall be required to make a complete and clear presentation to the Team of the completeness of application as intended in Article 3 paragraph (2) and shall complete the supporting documents/data as well as required completion, by no later than 9 (nine) business days after the receipt of application at PTSP of the BKPM.

Article 6

- (1) The Team shall coordinate with the other relevant agencies in making the assessment of the presentation as intended in Article 5.
- (2) By no later than 3 (three) business days, the Team shall prepare the descriptions of investigation and deliver the results of verification and assessment to the Deputy Chairman for Investment Service.
- (3) Based on the results of verification and assessment by the Team, the Deputy Chairman for Investment Service shall recommend the feasibility of the application for corporate Income Tax exemption or deduction facility to the Chairman of the BKPM.

Article 7

- (1) Based on the results of verification and assessment as intended in Article 6 paragraph (3), the Chairman of the BKPM shall assign the Deputy Chairman for Investment Service to make suggestions completed with the descriptions of investigation to the Minister of Finance by no later than 2 (two) business days.

- (2) In the event that the suggestions of the application for corporate Income Tax exemption or deduction facility is rejected, the Chairman of the BKPM shall assign the Deputy Chairman for Investment Service to issue written notice of the rejection to the applicant by no later than 2 (two) business days.

Article 8

The submission process of the application for corporate Income Tax exemption or deduction facility shall be as set out in Attachment II to this Regulation.

Article 9

- (1) In the context of measuring the effectiveness of the policy on the provision of corporate Income Tax exemption or deduction facility, it is necessary to make an evaluation of the utilization of corporate Income Tax exemption or deduction facility undertaken by the Team.
- (2) In the context of supporting the activity as intended in paragraph (1), the company obtaining a Decision of the Minister of Finance on the provision of corporate Income Tax exemption or deduction facility shall be required to gradually deliver a report to the Chairman of the BKPM every 6 (six) months covering the matters as follows:
 - a. realization of commercial production;
 - b. utilization of corporate Income Tax exemption or deduction facility;
 - c. realization of manpower employment; and
 - d. realization of technology use and transfer.

- (3) The Team shall report the results of evaluation to the Chairman of the BKPM by no less than once a year.

Article 10

This Regulation of the Chairman shall be effective as of the date of its enactment.

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

Stipulated in Jakarta

on 30 November 2011

CHAIRMAN OF THE INVESTMENT COORDINATING BOARD OF
THE REPUBLIC OF INDONESIA,

GITA IRAWAN WIRJAWAN

Enacted in Jakarta

on 1 December 2011

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

AMIR SYAMSUDDIN

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011
NUMBER 770