



# Energy Support Measures in Indonesia by Energy Source

## Data and References Annex

Anissa Suharsono, Richard Bridle, Arzalia Wahida, Martha Maulidia

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This document provides data tables and references for the International Institute for Sustainable Development's *Indonesia's Energy Support Measures: Government Exposure to Short-Term Energy Price Spikes and Longer-Term Inflation.*

# Preface

*Energy Support Measures in Indonesia by Energy Source: Data and References Annex* is an inventory of the support measures that are available for the Indonesian energy sector under the definition for subsidies under the World Trade Organization's Agreement on Subsidies and Countervailing Measures. It accounts for the measures provided by the Government of Indonesia, identified by the International Institute for Sustainable Development, across six energy types:

- oil and gas (OG)
- coal (C)
- electricity (EL)
- renewable energy (RE)
- biofuels (BI)
- electric vehicles (EVs) and EV batteries.

Covering the period from FY 2021 to FY 2024, this inventory has identified 130 support measures for the Indonesian energy sector. Based on data limitations and availability, 27% of the support measures identified are considered quantified, while 64% are considered not quantified due to a lack of available data, and 9% are still not yet enacted during the period.

A support measure is considered quantified if there are data available for any given year within the period in question (i.e., fiscal year [FY] 2021 to FY 2024). Whenever available, official government data were used to provide quantitative estimates. All data is presented as nominal values in both IDR and USD.<sup>1</sup>

If the data is not available, N/A is assigned to the support measure. There are also some support measures that fall into the category of Not Applicable (or N/P), meaning that the particular support measure has been enacted but is not yet applicable until a specified date in the future. Support measures that fall into the N/P category are primarily those applicable to clean new technologies, particularly renewable energy, EVs, and batteries.

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<sup>1</sup> Exchange rate sources: Bank of Indonesia and Union Budget.

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# Annex A. Oil and Gas Support Measures

## Oil and Gas (OG). 1: Below-market price on domestic market obligation (DMO) for crude oil

<b>Support measure classification</b>	Income or price support	<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support)		
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Development, extraction, preparation (refinery)
<b>Support measure name/designation</b>	Below-market price on DMO for crude oil		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	Law No. 22/2001		
<b>Policy objective(s)</b>	To secure domestic stock for crude oil		
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption		
<b>Time period/frequency of support measure</b>	1979-ongoing		
<b>Background/definition</b>	<p>The DMO is recognized as a government intervention (i.e., to influence the market or send a market signal), and therefore, it is included in this inventory report.</p> <p>Since 1979, the signatories of oil production-sharing contracts (PSCs), the government and international oil companies, are required to supply part of their oil output to domestic refineries at a heavily discounted fee. Referred to as the DMO, the amount of crude oil thus supplied accounts for up to 25% of the applicable First Tranche Petroleum (FTP) and the equity shares after cost recovery (there is the possibility to apply for exemption under certain financial conditions. The fee at which the contractor has to sell that fixed DMO amount has risen over time, with the fee currently amounting to 25% of the reference market price. Contractors extracting crude oil from new oilfields can, however, receive the full reference market price for their DMO amount for the first 5 years of production, while still receiving the applicable DMO fee after that. As the DMO provides Pertamina's refineries with cheaper crude oil feedstock, it can be considered as a support benefiting Pertamina, though the measure does reduce the revenues of companies operating upstream.</p> <p>This measure is entirely allocated to crude oil. In 2022, in response to rising oil prices, DMO share was introduced for crude oil. The DMO mandate requires all crude palm oil exporters to allocate 20% of their export quota for sale in the domestic market. In March 2022, due to rising prices, DMO share increased from 20% to 30%. The export ban was reintroduced in April 2022.</p>		

<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	4.39	1.96	1.20	1.41
<b>(USD million, nominal values)</b>	306.80	132.14	78.71	89.18
<b>Information sources/link</b>	Law No. 22/2001; PT Pertamina Annual Reports (2022-2024)			

## OG. 2: Fuel subsidy

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Compensation for below-market prices for retail fuel (solar and premium) fuel subsidy			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (Anggaran Pendapatan dan Belanja Negara/APBN)			
<b>Policy objective(s)</b>	Compensate state-owned Pertamina for the losses the company incurs as a result of the lower selling prices			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	1967-ongoing			
<b>Background/definition</b>	<p>The Indonesian government has set the retail prices for premium (motor gasoline), solar (diesel fuel), and kerosene below corresponding market price levels since 1967. In order to compensate state-owned Pertamina for the losses the company incurs as a result of the lower selling prices, the government regularly provides direct financial compensation to the downstream operator.</p> <p>The compensation the government provides to Pertamina is recorded as a fuel subsidy in Indonesia's budget. It is equivalent to the difference between the subsidized retail prices and the benchmark market price multiplied by the respective domestic consumption volumes. The benchmark market price is set according to a formula that includes the Mean of Platts Singapore index plus an 8% markup covering the costs for storage, transportation, distribution, and a retailer margin. As this budget transfer ensures that retail prices for premium, solar, kerosene, and 3-kg liquefied petroleum gas (LPG) cylinders remain lower than the comparable market prices, the measure counts toward consumer support.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	13.51	10.13	16.57	17.12
<b>(USD million, nominal values)</b>	944.74	681.80	1,088.07	1,080.36
<b>Information sources/link</b>	Ministry of Finance, 2021-2024.			

### OG. 3: Compensation for below-market prices for kerosene (kerosene subsidy)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Compensation for below-market prices for kerosene (kerosene subsidy)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government, under the annual state budget (APBN)			
<b>Policy objective(s)</b>	Compensate state-owned Pertamina for the losses the company incurs as a result of the lower selling prices			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	1967-ongoing			
<b>Background/definition</b>	As OG2 but for kerosene			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	2.67	5.10	4.72	4.47
<b>(USD million, nominal values)</b>	186.57	343.23	309.63	282.11
<b>Information sources/link</b>	Ministry of Finance, various dates.			

#### OG. 4: Compensation for below-market prices for LPG (3-kg LPG Subsidy)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Compensation for below-market prices for LPG (3-kg LPG subsidy)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN)			
<b>Policy objective(s)</b>	Compensate state-owned Pertamina for the losses the company incurs as a result of the lower selling prices			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	1967-ongoing			
<b>Background/definition</b>	As OG2 but for 3-kg LPG cylinders			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	67.62	100.39	74.30	80.21
<b>(USD million, nominal values)</b>	4,729.98	6,758.90	4,877.90	5,063.35
<b>Information sources/link</b>	Ministry of Finance, various dates.			

## OG. 5: Below-market price on DMO for natural gas

<b>Support measure classification</b>	Income or price support		<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support)			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Below-market price on DMO for natural gas			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 22/2001			
<b>Policy objective(s)</b>	To secure domestic stock for natural gas			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2001-ongoing			
<b>Background/definition</b>	<p>With the adoption of the 2001 Oil and Gas Law, the government extended the crude oil DMO system to be applicable to natural gas. The natural gas DMO thus mandates international oil companies operating under a PSC to sell about 25% of their natural gas output to the domestic market at discounted prices. The specific prices and conditions under which the DMO volumes are sold differ from contract to contract. Anecdotal evidence suggests, however, that domestic prices are generally much lower than the price at which natural gas producers sell their output on the international market. <b>The Effect of Omnibus Law (Job Creation Law No. 11/2020) and its 2022 amendment have not changed the share of DMO for natural gas</b>, which has stayed the same at 25% share.</p> <p><b>This measure counts toward consumer support as it provides for cheaper natural gas in Indonesia.</b></p> <p>Unfortunately, it was not possible to estimate the amounts of support provided since domestic prices and volumes of natural gas under DMO vary from contract to contract, and contracts are usually held confidential due to their commercial sensitivity.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Braithwaite, 2010; Global Subsidy Initiative, 2012; President of the Republic of Indonesia, 2001; PWC, 2012.			

## OG. 6: Import duty exemption for production-sharing contractors

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Import duty exemption for production-sharing contractors			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 177/PMK.011/2007 Ministry of Finance Regulation No. 217/PMK.04/2019			
<b>Policy objective(s)</b>	To provide import duty exemption for production-sharing contractors in the exploration and exploitation stages to encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers/production-sharing contractors			
<b>Time period/frequency of support measure</b>	2007-ongoing			
<b>Background/definition</b>	<p>Ministry of Finance Regulation No. 177/PMK.011/2007 grants import duty exemption on imported goods used in the context of petroleum operations for new PSCs signed after 2007. This measure applies only to goods that have not yet been produced, or are not produced to the required specifications, or not produced in sufficient quantity in Indonesia. This tax incentive is applicable to both exploration and exploitation activities. Import duty exemption was already available before the enactment of the Oil and Gas Law in 2001 (based on a master list system) and was reinstated in 2007.</p> <p>Since 2019, there has been a new regulation, Ministry of Finance Regulation No. 217/PMK.04/2019, that has replaced the previous regulation, but the terms and conditions for import duty exemption have largely stayed the same, with more clarifications in the 2019 regulation. New regulation requires companies to be verified digitally through the Indonesian National Single Window portal. Based on the regulation, exemption from import duty for geothermal operations can now be given to Joint Operational Contract Contractors and business entities.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Asian Development Bank, 2015; Ministry of Finance Regulation No. 177/PMK.011/2007; Ministry of Finance Regulation No. 217/PMK.04/2019			

## OG. 7: Value added tax (VAT) and luxury goods sales tax (PPnBM) reimbursement or exemption for upstream oil and gas

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	VAT and sales tax reimbursement or exemption for upstream oil and gas			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 79/2010 Government Regulation No. 93/2021			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers/production-sharing contractors			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>VAT and, where applicable, PPnBM reimbursement or exemption for upstream oil and gas is provided by Government Regulation No. 79/2010, which has been changed by Government Regulation No.93/2021. It applied an increased VAT from 10% to 11% in 2022, with an increase to 12% by 2025. This VAT increase applies to all sectors, including oil and gas. Another difference is that the provisions strengthen cost recovery and fiscal incentives for upstream oil and gas operations.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 79/2010; Government Regulation No.93/2021			

## OG. 8: VAT exemption on import or handover of certain taxable goods for upstream oil and gas

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	VAT and sales tax reimbursement or exemption for upstream oil and gas			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 27/PMK.011/2012			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers/production-sharing contractors			
<b>Time period/frequency of support measure</b>	2012-ongoing			
<b>Background/definition</b>	<p>Ministry of Finance Regulation No. 27/PMK.011/2012 provides exemption from import VAT on certain goods exempted from import duty. It concerns goods used for upstream oil and gas exploration business activities, as well as temporarily imported goods. Exemption from VAT on importation was already available before the enactment of the Oil and Gas Law in 2001, based on a master list system.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 27/PMK.011/2012; n.d.			

## OG. 9: Article 22 Income tax import exemption for exploration and exploitation

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Article 22 Income tax import exemption for exploration and exploitation			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 154/PMK.03/2010 Ministry of Finance Regulation No. 34/PMK/010/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities, Article 22 provides exemptions for imported goods and services for PSC contractors during the exploration and exploitation stages.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (production-sharing contractors-Kontraktor Kontrak Kerja Sama/KKKS)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Ministry of Finance Regulation No. 34/PMK/010/2017 amended Ministry of Finance Regulation No. 154/PMK.03/2010 on exemption from Article 22 income tax on the importation of goods used in upstream oil and gas activities that are exempted from import duty and/or VAT. The amended regulation provides a more detailed breakdown of differentiated tax rates between registered and unregistered importers (2.5% for imports by registered importers, 7.5% for unregistered importers). For oil and gas importers, rates remain the same as in the 2010 regulation.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 154/PMK.03/2010; Ministry of Finance Regulation No. 34/PMK/010/2017			

## OG. 10: Reduction in land and building tax for production-sharing contractors for exploration and exploitation

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Reduction in land and building tax for exploration and exploitation			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 267/PMK.011/2014 Ministry of Finance Regulation No. 186/PMK.03/2019			
<b>Policy objective(s)</b>	To encourage more exploration activities, up to 100% tax reduction for land and building is available for PSC contractors in the exploration and exploitation stages.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (KKKS)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>A reduction of land and building tax (PBB) on taxable objects in the oil and gas mining sector (PBB Migas) is granted to PSC KKKS with PSCs that comply with the provisions of Government Regulation No. 79 of 2010 concerning Recoverable Operating Costs and Income Tax Treatment in the Upstream Oil and Gas Business (PP 79/2010). The reduction is provided at the exploration stage, amounting to 100% of the PBB Migas payable on the Subsurface as stated in the Tax Due Notification Letter (SPPT) for the Subsurface.</p> <p>The regulation has been replaced by Ministry of Finance Regulation No. 186/PMK.03/2019. Further clarifications of buildings included are "technical constructions planted or attached permanently on land within Indonesian waters." This includes pipelines and storage processing facilities (Floating Storage Offload, Floating Production System, Floating Production Unit, Floating Storage Unit, Floating Production Storage and Offload)</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.02	0.01	0.01	0.01
<b>(USD million, nominal values)</b>	1.26	0.88	0.59	0.44
<b>Information sources/link</b>	Ministry of Finance, 2024*: Ministry of Finance Regulation No. 267/PMK.011/2014; Ministry of Finance Regulation No. 186/PMK.03/2019 * The 2024 number is a projection.			

## OG. 11: New fields investment credit allowance (ICA) for production capital expenditures

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	New fields investment credit allowance (ICA) for production capital expenditures		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	N/A		
<b>Policy objective(s)</b>	To encourage exploration activities, ICA for capital expenditures is extended for production from new fields.		
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (production-sharing contractors)		
<b>Time period/frequency of support measure</b>	1989-ongoing		
<b>Background/definition</b>	<p>In 1989, the Indonesian government introduced an ICA in the context of oil and natural gas PSCs to provide signatories with further incentives to discover and develop new fields, as defined by the American Association of Petroleum.</p> <p>The ICA applies to the value of production of certain new fields in new geological locations after deduction of the FTP and before the recovery of operating costs and profit share. Instead of a royalty, the Indonesian government charges the FTP, which requires that the first 20% of production must be shared in favour of government and before cost recovery according to the equity split set in the contract (PwC, 2011)</p> <p>In more recent PSCs, the government has been entitled to take the entire FTP, although in this case, the FTP has usually been lowered to 10% of the first production.</p> <p>The ICA is calculated based on the capital expenditures incurred in relation to production facilities only and has historically reached between 17% and 20% for oil PSCs, and between 20% and 55% for natural gas PSCs. Second-generation PSCs from 1976 through 1988 had an ICA rate of 20%.</p> <p>Third-generation PSCs, signed since 1988, have had an ICA rate of between 17% and 20%, while fourth-generation PSCs signed since 1995 for areas in Eastern Indonesia did not provide any ICA.</p> <p>Finally, the fifth generation of PSCs, signed since 2001, have had ICA rates of 17% for oil PSCs and 55% for natural gas PSCs. The ICA rates of more recent PSCs are not known. The ICA can be regarded as producer support, as it provides oil and natural gas producers with additional income they would not have been entitled to through their equity share.</p> <p>The measure could not be estimated because of the lack of official data available to support quantification. Different companies paid different taxes, the amount of which cannot be determined.</p>		

<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Braithwaite, 2010; Global Subsidy Initiative, 2012			

## OG. 12: Tax exemptions for imported goods used in oil and gas exploration and exploitation activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Import duty exemption for production-sharing contractors in exploration and exploitation stages		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	Ministry of Finance Decree No. 177/2007 Ministry of Finance Regulation No. 217/PMK.04/2019		
<b>Policy objective(s)</b>	To encourage more exploration activities		
<b>Beneficiary/end recipient(s) of support measure</b>	Producers/production-sharing contractors		
<b>Time period/frequency of support measure</b>	2007-ongoing		
<b>Background/definition</b>	<p>Indonesia's government normally charges a VAT of 10% on the value of imported goods, to which an import duty and the Article 22 income tax are then added at rates that vary depending on the classification of the goods and the sectors concerned.</p> <p>According to Decree No. 177 of the Minister of Finance from 2007, goods that are imported for use in upstream oil and natural gas activities are, however, exempt from all three levies (i.e., the import duty, Article 22 income tax, and the VAT).</p> <p>In order to claim the VAT exemption, eligible companies must have registered the goods in their Import Declaration list and received a registration number on or after January 1, 2008. VAT on exploration activities can only be reclaimed as soon as production begins. Further, the VAT and import duty exemptions only apply if the goods to be imported are: (1) not produced in Indonesia; (2) produced in Indonesia but do not meet the required specifications; or (3) produced in Indonesia but are in short supply.</p> <p>The framework of imported goods exempted from VAT remains mostly the same as in the Ministry of Finance Regulation 177/2007, but there were more specifications and expansions for the oil and gas upstream industry to include goods for both exploration and exploitation activities. Ministry of Finance Regulation 217/PMK.04/2019 consolidates and harmonizes tax incentives for upstream industries, specifically all generations of PSCs. Expanded scope includes import duty exemption, "non-collection of VAT," and "non-collection of income tax as stipulated in Article 22." These import duty exemptions are also expanded to vendors and contractors used, provided that they are listed in the contracts and within the application for exemption.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>		

<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Braithwaite, 2010.			

### OG. 13: Reimbursement of financing cost for capital investment

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Reimbursement of financing cost for capital investment			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Bank of Indonesia Government Regulation No. 55/2009 Government Regulation No. 79/2010			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2009-ongoing			
<b>Background/definition</b>	<p>Contractors conducting oil and natural gas operations in Indonesia are usually not allowed to claim interest expenses for capital investments as part of their cost recovery. In cases where the internal rate of return (IRR) is lower than the standard petroleum investment IRR, the contractor is, however, allowed to receive a reimbursement for interest expenses incurred as a result of capital expenditures that are not internally financed.</p> <p>To the extent that the government receives a lower income from petroleum operations in cases where these interest expenditures are recovered, the measure can be regarded as supporting the production of hydrocarbons. The value of such support to the recipient could be estimated as the difference between the lower capital costs incurred by eligible contractors and the estimated IRR if the project were financed internally. Further research and information would, however, be required to arrive at such estimates. The latter would, in any event, probably be low as many oil and natural gas producers finance their capital expenditures using internal funds.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Braithwaite, 2010.			

## OG. 14: VAT exemption for crude oil, coal, and natural gas

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	VAT exemption for crude oil, coal, and natural gas			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 144/2000			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers/production-sharing contractors			
<b>Time period/frequency of support measure</b>	2000-ongoing			
<b>Background/definition</b>	<p>Since 2000, the sales of extractive resources, including crude oil and natural gas, have been exempted from VAT. The exemption also applies to other extractive resources, including coal, geothermal power, and several mineral resources.</p> <p>The measure applies to private and public companies engaging in these activities. The values identified are only those reported by Pertamina in its annual report and therefore do not cover the entire sector.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	12.07	45.79	42.43	41.72
<b>(USD million, nominal values)</b>	844.46	3,082.84	2,785.74	2,633.37
<b>Information sources/link</b>	Subsidies are in-house estimates based on government data from the following sources: CEIC, various dates; Government Regulation No. 144/2000; Kilang Pertamina Internasional, various dates; Ministry of Energy and Mineral Resources (MEMR), various dates; Pertamina Geothermal Energy, various dates			

## OG. 15: VAT and Goods and Services Tax (GST) exemption for oil and gas upstream activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	VAT and GST exemption for oil and gas upstream activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 27/2017; Government Regulation No. 53/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>In 2017, two Government Regulations were issued to govern incentives taxation for two oil and gas block management schemes still running in Indonesia:</p> <ol style="list-style-type: none"> <li>1. Government Regulation No. 27/2017 for cost-recovery scheme</li> <li>2. Government Regulation No. 53/2017 for gross split scheme</li> </ol> <p>Government Regulation No. 27/2017 contains incentives for upstream activities in the form of an investment credit, a DMO holiday, accelerated depreciation, cost sharing, and free income tax and VAT. It also provides incentives for the exploration and exploitation phases, including free import duty on goods and VAT incentives, corporate income tax, land, and building tax exemptions.</p> <p>Meanwhile, Government Regulation No. 53/2017 provides incentives in the form of a tax holiday from exploration to first production, loss carry forward up to 10 years, accelerated depreciation, and imposition indirect tax during the production period is to be compensated through split adjustment. Gross split taxation is more attractive compared to cost recovery.</p> <p>Data for 2022 was taken below only covers VAT. Other values of these measures cannot be estimated because no official data are available to do estimates.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	0.01	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	0.55	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance, 2023; Government Regulation No. 27/2017; Government Regulation No. 53/2017			

## OG. 16: Corporate income tax exemption for oil and gas upstream activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Corporate income tax exemption for oil and gas upstream activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 27/2017 Government Regulation No. 53/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>Two Government Regulations were issued in 2017 to govern incentives taxation for two oil and gas block management schemes still running in Indonesia:</p> <ol style="list-style-type: none"> <li>1. Government Regulation No. 27/2017 for cost-recovery scheme</li> <li>2. Government Regulation No. 53/2017 for gross split scheme</li> </ol> <p>Government Regulation No. 27/2017 contains incentives for upstream activities in the form of an investment credit, a DMO holiday, accelerated depreciation, cost sharing, and free income tax and VAT. It also provides incentives for the exploration and exploitation phases, including free import duty on goods and VAT incentives, corporate income tax, land, and building tax exemptions.</p> <p>Meanwhile, Government Regulation No. 53/2017 provides incentives in the form of a tax holiday from exploration to first production, loss carry forward up to 10 years, accelerated depreciation, and the imposition of indirect tax during the production period is to be compensated through split adjustment. Gross split taxation is more attractive compared to cost recovery.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 27/2017; Government Regulation No. 53/2017			

## OG. 17: Land and building tax exemption during exploration and exploitation phase

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Land and building tax exemption during exploration and exploitation phase			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 27/2017 Government Regulation No. 53/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	As OG 16, but specifically for land and building tax exemption during the exploration and exploitation phase.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 27/2017; Government Regulation No. 53/2017			

## OG. 18: Tax exemptions during exploration up to first production phase for oil and gas activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access and appraisal	
<b>Support measure name/designation</b>	Tax exemptions during exploration up to first production phase for oil and gas activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 27/2017 Government Regulation No. 53/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>These exemptions are on corporate income tax (CIT) for Gross Split PSCs and the Net PSCs. Each scheme imposed different tax incentives. In 2017, the government issued two regulations governing incentives taxation for two oil and gas block management schemes:</p> <ol style="list-style-type: none"> <li>1. Government Regulation No. 27/2017 for cost-recovery scheme</li> <li>2. Government Regulation No. 53/2017 for gross split scheme</li> </ol> <p>Government Regulation No.27/2017 contains incentives in the form of an investment credit, DMO holiday, accelerated depreciation, cost sharing, and free income tax and VAT as upstream incentives. In addition, other incentives are also regulated under this regulation, including free import duty on goods and PPn/PPnBM incentives, income tax, during the exploration and exploitation period.</p> <p>While the PP No.53/2017 provides incentives in the form of no tax from exploration to first production, loss carry forward up to 10 years, accelerated depreciation, and imposition of indirect tax during the production period is to be compensated through split adjustment. Gross split taxation is more attractive compared to cost recovery.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 27/2017; Government Regulation No. 53/2017.			

## OG. 19: VAT and luxury goods tax exemption for oil and gas cooperation-contract contractors during exploration phase

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access and appraisal	
<b>Support measure name/designation</b>	VAT and Luxury Goods Tax exemption for oil and gas cooperation contract contractors during exploration phase			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Minister of Finance Regulation No. 122/PMK.03/2019			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	<p>Contractors working under certain cooperation agreement contracts are entitled to receive tax exemptions for VAT or VAT and PPN/PPnBM, as well as a reduction in land and building tax (PBB) on upstream oil and gas business activities at the exploration and exploitation stages.</p> <p>At the exploration stage, the facilities provided include (1) VAT &amp; luxury goods tax owing but not collected for the acquisition of taxable goods and/or services used or utilized in the framework of petroleum operations, and (2) a reduction of 100% of the outstanding oil and gas property tax listed in your tax return.</p> <p>Data for 2022 (see below) only covers VAT, no GST. Other values of these measures cannot be estimated because no official data are available to make estimates.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	0.69	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	46.58	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance, 2022; Ministry of Finance Regulation No. 122/PMK.03/2019.			

## OG. 20: Corporate Income tax exemption for oil and gas upstream activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access and appraisal	
<b>Support measure name/designation</b>	Corporate Income tax exemption for oil and gas upstream activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No.36/2008			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	<p>This regulation, released in 2008, regulates incentive schemes for cost recovery (Net PSC) contractors whose contracts were signed between 2008 and 2017. It provides 100% CIT reductions for the net PSC contractors between 2008 and 2017 and are still governed under this regulation today. After 2017, new contractors are given the choice between using the cost-recovery schemes based on Government Regulation No. 27/2017 or the gross split scheme based on Government Regulation No. 53/2017 (Measurement OG. 18)</p> <p>While OG. 18 mentions the CIT exemptions for Gross Split PSC and Net PSC, OG.22 covers CIT in general industry, and the OG industry is mentioned with 100% rate reduction. (2a) The rate as referred to in paragraph (1) letter b shall be 25% (twenty five percent) which shall be effective since the 2010 tax year.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No.36/2008.			

## OG. 21: Withholding corporate income tax (CIT) exemption for oil and gas upstream activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Withholding corporate income tax (CIT) exemption for oil and gas upstream activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No.36/2008			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2008-ongoing			
<b>Background/definition</b>	<p>Tax withholding on income tax (branch profit tax-20%) on dividends and royalty imposed on balance after CIT. Article 26 of Law No.36/2008 mentions that the basis for imposition of taxes is taxable income after deducting 25% CIT, so that the amount of income tax on dividends, interest, and royalty is <math>20\% \times (100\% - 25\%) = 15\%</math>, which means the total is actually <math>25\% + 15\% = 40\%</math>.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No.36/2008, p. 35.			

## OG. 22: Withholding final tax exemption for oil and gas upstream activities

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Withholding tax exemption for oil and gas upstream activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No.36/2008			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2008-ongoing			
<b>Background/definition</b>	<p>Under Law No. 36/2008 on Income Tax, Articles 26 and 31A normally impose final withholding tax on certain payments such as dividends, interest, royalties, and branch profits, with rates ranging from 10% to 20%. For upstream oil and gas activities, KKKS are exempt from these final withholding tax obligations to reduce fiscal costs and encourage investment in exploration and exploitation. This exemption applies to transactions that would otherwise trigger withholding tax under general rules, ensuring that PSC contractors are not subject to additional tax beyond CIT obligations.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No. 36/2008, p. 35.			

## OG. 23: Income tax exemption from transfer of participating interest–exploration phase

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Income tax exemption from the transfer of participating interest–exploration phase			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No.36/2008 Government Regulation No. 79/2010			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2008–ongoing			
<b>Background/definition</b>	<p>This support measure applies to PSC under cost-recovery scheme PSC. Government Regulation 79/2010 – Net PSC Article 27 point 2a. Transfer of participating interest refers to the sale of the contractor’s participating share to another contractor and making a profit. Any gain realized from the transaction is subject to tax, calculated as the difference between the sale price and the original investment value</p> <p>During the exploration phase, income from a transfer of participating interest is not considered taxable if it does not meet the following criteria:</p> <ul style="list-style-type: none"> <li>• does not transfer all of the contractor’s participating interests</li> <li>• participating interest has been held for more than 3 years</li> <li>• exploration has been carried out in the work area (there has been investment expenditure)</li> <li>• transfer of participating interest is not intended to gain profit.</li> </ul> <p>The lack of income tax is a support measure for PSC contractors. No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 79/2010			

## OG. 24: Gross split income tax exemption from transfer of participating interest–exploration phase

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Gross split income tax exemption from transfer of participating interest–exploration phase			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 53/2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2017–ongoing			
<b>Background/definition</b>	<p>This is for PSC under the gross split scheme. During the exploration period, income from a transfer of participating interest is not considered taxable if it meets the following criteria:</p> <ul style="list-style-type: none"> <li>• does not transfer all of its participating interests</li> <li>• participating interest (participating interest) has been held for more than 3 years</li> <li>• exploration has been carried out in the work area (there has been investment expenditure)</li> <li>• transfer of participating interest is not intended to gain profit.</li> </ul> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 53/2017 (PSC gross)			

## OG. 25: Discount on corporate income tax for public companies (3% discount)

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Discount on corporate income tax for public companies (3% discount)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 2/2020			
<b>Policy objective(s)</b>	As part of the economic recovery program to support and protect businesses impacted by the COVID-19 pandemic, this policy is intended to mitigate the decrease in domestic economic activities and maintain financial sector stability through various relaxation policies.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2020–ongoing			
<b>Background/definition</b>	<p>This measure stipulates a reduction in the CIT from 25% to 22% for the 2020–2021 tax year, followed by another reduction to 20% for the 2021–2022 tax year. This applies to both private and public companies</p> <p>There is an additional 3% discount for companies classified as issuers (40% public shares), so that the issuer's CIT becomes 19% in the tax year 2020–2021, and in 2021–2022 it becomes 17%.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No. 2/2020			

## OG. 26: Deferral of tax payment for public companies (max. 6 months)

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Deferral of tax payment for public companies (max. 6 months)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 2/2020			
<b>Policy objective(s)</b>	As part of the economic recovery program to support and protect businesses impacted by the COVID-19 pandemic, this policy is intended to mitigate the decrease in domestic economic activities and maintain financial sector stability through various relaxation policies.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2020–2021			
<b>Background/definition</b>	<p>This is an extension of the application period or the completion of tax administration. In this case, the extension of the period of submission of objections by taxpayers is extended from 3 months to up to a maximum of 9 months. The extension of the settlement period by the Directorate General of Tax is also extended to a maximum of 6 months for requests for restitution through examination and objection requests from 12 months to 18 months. Furthermore, requests for the reduction or elimination of administrative sanctions are extended from 6 months to 12 months.</p> <p>These provisions are contained in a government regulation in lieu of a law (Perpu) on Financial Policies and Financial System Stability for Handling Pandemic Corona Virus Disease 2019 (Covid-19) or in the Context of Facing Threats that Endanger the National Economy and Financial System Stability. This regulation was established by President Joko Widodo on March 31, 2020, and was immediately submitted to the parliament.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No. 2/2020			

## OG. 27: Industrial gas price reduction to USD 6/MMbtu

<b>Support measure classification</b>	Income or price support		<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support)			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Industrial gas price reduction to USD 6/MMbtu			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation 40/2016 MEMR Regulation No. 8/2020			
<b>Policy objective(s)</b>	To boost the utilization and competitiveness of specific manufacturing industries in the country, so that they will make a significant contribution to the national economy.			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers/specific industrial sectors			
<b>Time period/frequency of support measure</b>	2020–ongoing			
<b>Background/definition</b>	<p>This measure regulates the gas price for industrial usage to a maximum price of USD 6/MMbtu to accelerate economic growth and national industry competitiveness through the use of cheap natural gas. This regulated pricing applies to seven industrial sectors, namely the fertilizer, petrochemical, oleochemical, steel, ceramic, glass, and rubber gloves industries.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	MEMR Regulation No. 8/2020; Presidential Regulation 40/2016			

## OG. 28: Compensation payment for PT Pertamina Patra Niaga & PT AKR Corporindo

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Economic Recovery Program: Compensation Payment for PT Pertamina (Oil & Gas SOE)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	<p>Presidential Regulation No. 69/2021</p> <p>Head of Downstream Oil and Gas Regulatory Agency Decree No. 32/P3JBT/BPH MIGAS/KOM/2017</p> <p>Head of Downstream Oil and Gas Regulatory Agency Decree No. 38/P3JBT/BPH MIGAS/KOM/2017</p>			
<b>Policy objective(s)</b>	Compensate state-owned Pertamina for the losses the company incurred as a result of fuel price disparities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2014–ongoing			
<b>Background/definition</b>	<p>Compensation payments apply to fuels that are not formally classified as subsidized but are still sold at government-controlled prices that sit below their true economic cost, such as Peralite and part of the pricing for LPG 3 kg. From 2018 to the present, PT Pertamina Patra Niaga and PT AKR Corporindo have been mandated through the Head of the Downstream Oil and Gas Regulatory Agency Decree to supply and distribute government-assigned fuel products (JBT/ JBK), which entitles them to receive compensation when the regulated price falls below the economic cost.</p> <p>In these cases, Pertamina and PT AKR Corporindo are required to sell the fuel at the regulated price without receiving upfront support. The company absorbs the losses first, and the government later reimburses the shortfall once the amounts have been audited and confirmed by Financial and Development Supervisory Agency (Badan Pengawasan Keuangan dan Pembangunan/BPKP). These payments are recognized retroactively in the revised budget and often depend on fiscal space and the timing of verification. Because they are not budgeted in advance, compensation payments can rise sharply when global oil prices increase, and the reimbursement process can be delayed for months or years. Compensation functions similarly to a subsidy in economic terms, but it operates as a reimbursement mechanism rather than a planned budget allocation.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	68.64	275.33	126.87	116.07
<b>(USD million, nominal values)</b>	4,801.73	18,537.01	8,329.47	7,326.98

**Information  
sources/link**

Ministry of Finance, various dates; Government Regulation No. 23/2020

**OG. 29: Economic recovery program: Compensation payment for Garuda Indonesia (airline SOE)**

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Economic recovery program: Compensation payment for Garuda Indonesia (airline SOE)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 23/2020			
<b>Policy objective(s)</b>	Compensate state-owned Garuda Indonesia for the losses incurred by the company			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2020-2022			
<b>Background/definition</b>	The government prepared three programs with total funds of IDR 152.15 trillion. The injection funds will be divided into three scenarios, namely in the form of state capital participation (PMN) worth IDR 25.27 trillion, compensation payment of IDR 94.23 trillion, and investment bailout IDR 32.65 trillion. This last scheme will provide support for Garuda Indonesia (airline SOE), KRAS (Steel SOE), Bulog (Food Logistics SOE), KAI (rail SOE), PTPN (Plantation Holding SOE), and Perumnas (Housing SOE). PLN (electricity SOE) is set to receive IDR 45.5 trillion in compensation payment and participation of state capital			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	1.00	7.50	N/A	N/A
<b>(USD million, nominal values)</b>	69.95	504.95	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance, various dates; Government Regulation No. 23/2020			

### OG. 30: Government contributed assets pending final clarification of status

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Government contributed assets pending final clarification of status			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	-			
<b>Policy objective(s)</b>	Compensate the company for losses incurred when supplying subsidized fuels at prices below their economic cost			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	-			
<b>Background/definition</b>	<p>This refers to infrastructure or assets built or financed by the Government of Indonesia and subsequently handed over to Pertamina for operation and use but whose legal ownership status has not yet been formally settled. Examples include the household gas distribution network, gas refuelling stations, and aviation fuel infrastructure at airports. In Pertamina's accounts, these are recorded as assets because the company controls and operates them, yet they remain classified as "pending clarification" until the government issues a final decision on whether they will be recognized as state property or fully transferred to Pertamina's books.</p> <p>No amount recorded for FY 2023 and FY 2024 from Pertamina Annual Report.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.02	0.02	N/A	N/A
<b>(USD million, nominal values)</b>	1.36	1.36	N/A	N/A
<b>Information sources/link</b>	PT Pertamina, various dates			

### OG. 31: Fuel subsidies for PT PELNI (shipping SOE)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Subsidies for PT PELNI (shipping SOE)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN)			
<b>Policy objective(s)</b>	Compensate the company for losses incurred when supplying subsidized fuels at prices below their economic cost			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	Ongoing			
<b>Background/definition</b>	The subsidy allocation represents a program designed to support the fuel for PT PELNI vessels, which serve as essential maritime transportation providing passenger shipping services across various regions in Indonesia, ensuring reliable mobility and maintaining connectivity for communities.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	2.10	2.82	2.40	3.20
<b>(USD million, nominal values)</b>	146.84	189.67	157.29	202.25
<b>Information sources/link</b>	Ministry of Finance, various dates.			

**OG. 32: Underlifting (receivables from SKK Migas subsidiaries for excess crude lifting)**

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Underlifting (receivables from SKK Migas subsidiaries for excess crude lifting)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 139/2024			
<b>Policy objective(s)</b>	Compensate the company for losses incurred when supplying subsidized fuels at prices below their economic cost			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	Payments to contractors for underlifting, namely the shortfall in the lifting of oil and/or natural gas by the contractors in accordance with the cooperation contract, recorded as a liability of PT Pertamina (Persero)			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	6.02	7.39	6.44	8.46
<b>(USD million, nominal values)</b>	421.43	497.45	422.72	534.27
<b>Information sources/link</b>	Ministry of Finance Regulation No. 139/2024; PT Pertamina, various dates.			

**OG. 33: Reduction of land and building tax (PBB) on the imposition of joint facility operating costs and the allocation of indirect head office expenses for oil and gas mining business activities**

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Reduction of PBB on the imposition of joint facility operating costs and the allocation of indirect head office expenses for oil and gas mining business activities			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 27 of 2017			
<b>Policy objective(s)</b>	To encourage more exploration activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	Reduction of PBB on taxable objects in the oil and gas mining sector (PBB Migas) during the exploration and exploitation stages (based on project economic viability), granted to PSC contractors (KKKS) with PSCs that comply with the provisions of Government Regulation No. 27 of 2017, which amends Government Regulation No. 79 of 2010 concerning Recoverable Operating Costs and Income Tax Treatment in the Upstream Oil and Gas Business (PP 27/2017).			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.00	0.00	0.71	0.00
<b>(USD million, nominal values)</b>	0.07	0.07	46.74	0.00
<b>Information sources/link</b>	Government Regulation No. 27/2017			

# Annex B. Coal Support Measures

## C. 1: Above-market pricing for coal mine-mouth power plants

<b>Support measure classification</b>	Income or price support		<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Tax			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	Above-market pricing for coal mine-mouth power plants			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Director General of Mineral and Coal (Minerba) Regulation No. 1348.K/30/DJB/2011 (2011-2014) MEMR Regulation No. 9/2016 (2016-onwards) Law No. 6/2023			
<b>Policy objective(s)</b>	To provide above-market pricing for coal supplied to mine-mouth electricity generators and make the use of low-grade coal at domestic mine-mouth power plants more attractive for the Indonesian coal sector.  The policy was intended to make it more attractive for Indonesia's coal sector to develop and use low-grade coal at domestic mine-mouth power plants.			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	2011-ongoing			
<b>Background/definition</b>	The more recent regulation for mine-mouth power generation is in the Job Creation Law (Law No. 6/2023), in which mine-mouth power is considered a downstream use of coal, which means there is a 0% royalty for the coal used directly in the mine-mouth power plants instead of the 3%–13.5% royalty rate applicable to other coal producers based on their contracts.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Director General of Mineral and Coal (Minerba) Regulation No. 1348.K/30/DJB/2011; Law 6/2023; MEMR Regulation No. 9/2016			

## C. 2: Coal R&D, technology, and training for exploration, mining, processing

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production and consumption	<b>Value chain link</b>	Research	
<b>Support measure name/designation</b>	Coal R&D, technology, and training			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR Regulation No. 55/2010			
<b>Policy objective(s)</b>	To support R&D activities to ensure supply continuity. R&D activities may cover the entire value chain, including the exploration, mining, and processing of coal. The budget may also be used to provide capacity building for coal producers and any value-adding activities for the industry.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers and consumers			
<b>Time period/frequency of support measure</b>	1956-ongoing			
<b>Background/definition</b>	<p>Since 1956, the national government has funded a centre to support R&amp;D and training in the mineral and coal industry. This centre is now known as the Centre for Research and Development of Mineral and Coal Technology and is housed within MEMR. All public and private mining companies are eligible to benefit from the activities supported by this centre. A previous IISD report found that about half of the centre's work is dedicated to coal as opposed to other minerals.</p> <p>This is considered a supporting measure for both production and consumption of fossil fuels, as it is public money that could be spent in other priority areas and responds to the definition of "subsidy" used in this report.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; MEMR Regulation No. 55/2010			

### C. 3: Free royalty for companies that engage in coal derivatives industry

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Free royalty for companies that engage in coal derivatives industry			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 6/2023 Government Regulation No. 25/2021			
<b>Policy objective(s)</b>	Free royalty for companies that engage in coal derivatives to encourage the development of the industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2020-on going			
<b>Background/definition</b>	<p>The development of the coal derivatives industry is further encouraged by Law No. 11/2020 on Job Creation. The latest version (Kementerian Sekretariat Negara, 2020) states that coal producers that expand their business into the derivatives industry will be given preferential treatment in their state revenue obligations in the form of a 0% royalty.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 25/2021; Law 6/2023			

#### C.4: Preferential export tax rate on coal

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Preferential export tax rate on coal			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 75/PMK.011/2012 Director General of Taxes Regulation No. PER-31/PJ/2015 Ministry of Finance Regulation No. PMK No. 71/2023			
<b>Policy objective(s)</b>	To support coal exports			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2015–ongoing			
<b>Background/definition</b>	<p>In 2012, the government designated thermal coal as a commodity exempt from export tariffs. The policy change in 2015 requires companies operating under a mining licence (IUP) to pay a 1.5% export tax rate, while the Coal Contract of Works (CCoWs) companies are still exempted as of 2023 from Ministry of Finance Regulation No. 71/2023, coal exports are not subject to this fixed-rate tax. Instead, the government has introduced progressive royalty rates under PP 18/2025 and plans to implement a price-based export levy starting in 2026 for Coal (Saputra, 2025).</p> <p>This measure benefits producers because it confers an economic advantage to export coal. The estimated amount was based on the foregone revenue from the applicable 1.5% coal export tax rate, compared with the 7.5% export tax rate that applies to other mineral commodities.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	22.76	41.68	31.61	28.98
<b>(USD million, nominal values)</b>	1,591.99	2,805.89	2,075.53	1,829.37
<b>Information sources/link</b>	Attwood et al., 2017; Badan Pusat Statistik, 2025; Ministry of Finance Regulation No. 75/PMK.011/2012; Ministry of Finance Regulation No. 71/2023; Director General of Taxes Regulation No. PER-31/PJ/2015; Saputra, 2025			

### C.5: Preferential VAT rate for goods and services purchased by coal mining companies

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Preferential VAT rate for coal mining companies		
<b>Jurisdiction</b>	National		
<b>Legislation/endorsing organization</b>	<p>Law No. 11/1994</p> <p>Ministry of Finance Regulation No. 194/PMK.03/2012</p> <p>Ministry of Finance Regulation No. 130/PMK.011/2013</p> <p>Ministry of Finance Regulation No. 116/PMK.04/2019</p>		
<b>Policy objective(s)</b>	To support extractive industries by reducing the VAT paid by specified coal mining companies on purchases of goods and services from third parties.		
<b>Beneficiary/end recipient(s) of support measure</b>	Producers		
<b>Time period/frequency of support measure</b>	1994 to present (until contracts expire)		
<b>Background/definition</b>	<p>Coal mining companies benefit from a series of measures offering a preferential tax rate.</p> <p>Ministry of Finance Regulation No. 194/PMK.03/2012 and Ministry of Finance Regulation No. 130/PMK.011/2013 offer a preferential VAT rate for the purchase and sales of goods and services. It is provided to six coal companies that signed an agreement with the State Coal Company before April 1, 1985. The six coal mining companies, commonly referred to as the CCoWs (PT Arutmin Indonesia, PT Kendilo BHP Coal Indonesia, PT Kaltim Prima Coal, PT Kideco Jaya Agung, PT Adaro Indonesia, and PT Berau Coal), are known as first-generation coal mining companies, and they have a special privilege of having the VAT waived for their purchases of goods and services and for their sales of certain goods and services. The preferential rate is a maximum of 2.5%-5% compared with the usual rate of 10%-15%.</p> <p>Ministry of Finance Regulation No. 116/PMK.04/2019 offers an exemption or reduction of import tax and/or VAT on goods imported for "Kontrak Karya" (KK, Job Contract) or "Perjanjan Karya Pengusahaan Pertambangan Batubara" (PKP2B Coal Mining Concession Work Agreement). The benefits may be granted to:</p> <ul style="list-style-type: none"> <li>• A contractor whose contract does not include provisions for the granting of VAT exemption on the import of taxable goods in the context of KK or PKP2B; or</li> <li>• A contractor whose contract includes provisions for the granting of VAT exemption on the import of taxable goods in the context of KK or PKP2B, as long as it complies with the provisions of the legislation that regulates the treatment of VAT and sales tax on</li> </ul>		

luxury goods and the import of taxable goods that are exempt from import duty levies.

It applies to KK or PKP2B contractors with contracts that include provisions for VAT exemption for imported taxable goods, in compliance with the provisions of all applicable legislation (e.g., import of taxable goods, VAT, and sales tax on luxury goods).

No estimates are provided because official data availability for this measure is limited.

<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Law No. 11/1994; Ministry of Finance Regulation No. 194/PMK.03/2012; Ministry of Finance Regulation No. 130/PMK.011/2013; Ministry of Finance Regulation No. 116/PMK.04/2019			

## C.6: Reduction in corporate tax for coal mining companies registered after August 2011

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Reduction in corporate tax for coal mining companies registered after August 2011			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 103/PMK.010/2016			
<b>Policy objective(s)</b>	For coal mining companies registered after August 15, 2011, a reduction in corporate tax is extended to promote specified pioneer industries (which do not include coal) and processing industries in special economic zones (which may include coal).			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>Coal mining companies registered as a legal entity after August 15, 2011, were eligible for an ongoing reduction in corporate tax following its introduction in 2015. To qualify, they must make an investment above IDR 1 trillion (with at least 10% deposited in Indonesian banks) and process their coal and have operational areas in designated special economic zones.</p> <p>This regulation applies to several industries (coal included) in which the reduction in corporate tax rate ranges from 10% to 100%, depending on the company, subject to government approval. In 2015, it was regulated under the Ministry of Finance Regulation No. 159/PMK.010/2015, and in 2016, it was amended through the Ministry of Finance Regulation No. 103/PMK.010/2016.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Ministry of Finance Regulation No. 103/PMK.010/2016			

### C.7: 30% tax allowance for coal liquefaction and gasification

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	30% tax allowance for coal liquefaction and gasification			
<b>Jurisdiction</b>	National, except Java province			
<b>Legislation/endorsing organization</b>	Government Regulation No. 9/2016			
<b>Policy objective(s)</b>	To promote the development of coal conversion into gas and liquid, in order to improve the usability of low-medium quality coal			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers of coal derivatives (liquids and gas)			
<b>Time period/frequency of support measure</b>	2016–ongoing			
<b>Background/definition</b>	<p>Government Regulation No. 9/2016, provides tax allowances to public and private coal companies investing or expanding their business into coal liquefaction and gasification. More concretely, it offers a reduction in taxable income of up to 30% of the value of investments. The measure is applicable nationwide, except for Java province.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Government Regulation No. 9/2016			

## C. 8: Small coal mining preferential royalty and corporate tax rates

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Small coal mining preferential royalty and corporate tax rates			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 4/2009 Ministry of Finance Regulation No. 107/PMK.010/2015 MEMR Regulation 9/2012			
<b>Policy objective(s)</b>	To impose lower tax burdens on smaller coal mining companies and licence holders			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2009–ongoing			
<b>Background/definition</b>	<p>Royalties and tax rates vary among Indonesian coal mining companies. Holders of coal mining licences (Izin Usaha Pertambangan, or IUP) issued by provincial governments or districts are subject to lower royalty and corporate tax rates than companies licensed through the national regime. Licences issued under the old CCoW regime pay a corporate tax of 45% and royalty of 13.5%, while holders of newer IUP coal mining licences issued by provincial governments pay 3%-7% royalties, with a corporate tax rate of 25%.</p> <p>Production data and average coal price were taken from the Performance Report of the Directorate General of Mineral and Coal and the Handbook of Energy &amp; Economics Statistics of Indonesia. However, there is no separation of production between PKP2B and IUP for 2021-2023, hence the absence of an estimate for those years.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	122.81
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	7,752.22
<b>Information sources/link</b>	Law No. 4/2009; MEMR Regulation 9/2012; MEMR, 2024; Ministry of Finance Regulation No. 107/PMK.010/2015			

## C.9: VAT exemption for coal

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	VAT exemption for coal			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 7/ 2021 Government Regulation No. 144/2000			
<b>Policy objective(s)</b>	To avoid double taxation of goods mostly used as inputs and of staple commodities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2000-2021			
<b>Background/definition</b>	<p>The latest regulation, Law No. 7/ 2021 on Harmonization of Tax Regulations (HPP Law), explicitly removed the VAT exemption for coal and other mining/drilling products taken directly from their source. This change was part of a broader fiscal reform to expand the VAT base and increase revenue.</p> <p>Implications: Coal transactions—including domestic sales—are now subject to VAT, typically at the prevailing rate (VAT 11% as per April 2022). The VAT rate increased from 10% to 11% effective April 1, 2022. No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/A	N/P	N/P	N/P
<b>Information sources/link</b>	Government Regulation No. 144/2000; Kusumanto & Leonardi, 2022; Law No. 7/ 2021			

### C.10: Failure to collect taxes and royalties from unregulated/illegal coal mines

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Failure to collect taxes and royalties from unregulated/illegal coal mines			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	N/A			
<b>Policy objective(s)</b>	N/A			
<b>Beneficiary/end recipient(s) of support measure</b>	Illegal coal miners and exporters			
<b>Time period/frequency of support measure</b>	Ongoing			
<b>Background/definition</b>	<p>This measure reflects government revenue foregone due to failure to collect taxes and royalties from unregulated or illegal coal mines. A previous IISD report revealed that there is a significant gap between officially recorded coal production and total coal exported or consumed. It counted this gap as production from unregulated coal mines. Indonesia produces around 5%-15% more coal annually than the MEMR reports based on production, export, and consumption data (Author calculations and Jensen, 2013). The report predicted that up to 2014, there was a gap reported to represent more than USD 2 billion worth of coal mined illegally and going untaxed each year, leading to USD 100-200 million in lost revenue.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Jensen, 2013			

### C.11: Loan guarantees for coal production for electricity generation

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Transfer of risk to the government			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	Loan guarantees for coal production for electricity generation			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation Number 4 Year 2016 Minister of Finance Regulation No. 44/PMK01/2008 Minister of Finance Regulation No. 73/PMK.011/2014 Minister of Finance Regulation No. 135/PMK.08/2019			
<b>Policy objective(s)</b>	To support 35,000 MW power plant projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (PT PLN)			
<b>Time period/frequency of support measure</b>	2008–ongoing			
<b>Background/definition</b>	<p>Loan guarantees are provided for coal producers that are used in coal-fired electricity generation projects that are self-managed by PT PLN, as well as to provide feasibility assurance for PT PLN projects that are being executed by independent power producers (IPPs). This measure supports coal production by lowering the cost and incentivizing its use for power generation. The broader objective is to support the development of 35,000 MW power plants and 46,000 km of transmission lines.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Minister of Finance Regulation No. 44/PMK01/2008; Minister of Finance Regulation No. 73/PMK.011/2014; Minister of Finance Regulation No. 135/PMK.08/2019; Presidential Regulation Number 4 Year 2016			

## C.12: Exemption or reduction of import tax for job contract or coal mining concession

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Exemption or reduction of import tax for job contract or coal mining concession			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 116/PMK.04/2019			
<b>Policy objective(s)</b>	To provide exemption or reduction of import tax on imported goods for "Kontrak Karya" (Job Contract) or "Perjanjan Karya Pengusahaan Pertambangan Batubara" (PKP2B/ Coal Mining Concession Work Agreement)			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2019–ongoing			
<b>Background/definition</b>	<p>Under Ministry of Finance Regulation No. 116/PMK.04/2019, import duties are exempted on goods imported for the purposes of Coal Contracts of Work (Kontrak Karya) or Coal Mining Concession Agreements (PKP2B). Exemption or relief from import duty can be granted until the end of the contract period to:</p> <ol style="list-style-type: none"> <li>1. PKP2B contractors whose contracts were signed before 1990</li> <li>2. PKP2B contractors whose contracts include provisions regarding the granting of exemption or relief from import duty on the import of goods within the framework of the PKP2B</li> <li>3. PKP2B contractors whose contracts do not include provisions regarding the period of granting exemption or relief from import duty</li> <li>4. PKP2B contractors whose imported goods are state-owned goods.</li> </ol> <p>Amount FY 2021–2022 taken from the Government Tax Expenditure Report 2023</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.10	0.01	N/A	N/A
<b>(USD million, nominal values)</b>	6.79	0.40	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance, 2024; Ministry of Finance Regulation No. 116/PMK.04/2019			

### C.13: Preferential corporate tax rate for businesses in specified fields, including coal mining

<b>Support measure classification</b>	Government revenue foregone		<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Preferential corporate tax rate for businesses in specified fields, including coal mining			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 52/2011 Ministry of Finance Regulation No. 144/PMK.011/2012 Ministry of Finance Regulation No. 159/PMK.010/2015			
<b>Policy objective(s)</b>	Reduce cost production			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2019–ongoing			
<b>Background/definition</b>	<p>Ministry of Finance Regulation No. 144/PMK.011/2012 grants a reduction in CIT for certain business sectors, including coal mining (as specified in the annex to Regulation 52/2011), with all coal producers benefiting. The regulation allows for tax deductions of between 10% and 100% of taxable income and was for a period of 5–15 years from the year that production commences. The standard corporate tax rate is 25%. In 2015, Regulation No. 159/2015 effectively reimposed the corporate tax liability for the coal mining sector by removing this exemption. The regulation does, however, make exemptions for enterprises that operate in a “special economic zone.” See separate entry below for “Reduction in corporate tax for coal mining companies registered after August 15, 2011.”</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Attwood et al., 2017; Government Regulation No. 52/2011; Ministry of Finance Regulation No. 144/PMK.011/2012; Ministry of Finance Regulation No. 159/PMK.010/2015			

### C.14: Subsidy for mine owners prior to the amendment of the existing regulation on mine-mouth coal pricing

<b>Support measure classification</b>	Income or price support		<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Tax			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	Subsidy for mine owners prior to the amendment of the existing regulation on mine-mouth coal pricing			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Directorate General of Mineral and Coal Regulation No. 1348.K/30/DJB/2011			
<b>Policy objective(s)</b>	To increase the attractiveness of Indonesia's coal sector to develop and use low-grade coal at domestic mine-mouth power plants			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2011-2016			
<b>Background/definition</b>	<p>A pricing mechanism for coal from mine-mouth power plants, making it more attractive to burn low-grade coal at generators located at or near coal mines.</p> <p>No estimates are provided because official data availability for this measure has been changed to support C.1</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	-			

**C.15: Allowing an increase in the coal production volume for export to certain qualified holders of operation production mining business licences (Izin Usaha Pertambangan Operasi Produksi, "IUP-OPs"), operation production special mining business licences (Izin Usaha Pertambangan Khusus Operasi Produksi, "IUPK-OPs"), and CCoWs.**

<b>Support measure classification</b>	Income or price support	<b>Support measure sub-mechanism</b>	Market price support and regulation	
<b>SDG 12.c.1 mechanism</b>	Tax			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Allowing an increase in the coal production volume for export to certain qualified holders of operation production mining business licences (Izin Usaha Pertambangan Operasi Produksi, "IUP-OPs"), operation production special mining business licences (Izin Usaha Pertambangan Khusus Operasi Produksi, "IUPK-OPs"), and CCoWs.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR Decree No. 1925 K/30/MEM/2018			
<b>Policy objective(s)</b>	To attract investment in thermal coal mining			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2018-ongoing			
<b>Background/definition</b>	<p>In order to offset the impact of the DMO and coal price cap regulation in attracting more investment in thermal coal mining in Indonesia, the Government issued MEMR Decree No. 1925 K/30/MEM/2018 which allows an increase in the coal production volume for export to certain qualified holders of operation production mining business licences (Izin Usaha Pertambangan Operasi Produksi, "IUP-OPs"), operation production special mining business licences (Izin Usaha Pertambangan Khusus Operasi Produksi, "IUPK-OPs"), and CCoWs.</p> <p>Under the same regulations, the companies are also allowed an additional coal export quota of up to 100 million tonnes nationally, if they have fulfilled their DMO quota.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	MEMR Decree No. 1925 K/30/MEM/2018			

### C.16: Fuel subsidies for PT Kereta Api Indonesia-KAI (railway SOE)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending, budget and off-budget transfers
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Subsidies for PT KAI (railway SOE)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation 25/2024			
<b>Policy objective(s)</b>	Compensate state-owned PT Kereta Api Indonesia for the losses incurred by the company			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	<p>Fuel subsidies for PT Kereta Api Indonesia (KAI) are provided through direct government transfers to compensate for operational losses and maintain affordable rail services. The measure is implemented under Government Regulation No. 25/2024 and is intended to support the operations of KAI as a national railway operator providing passenger and freight rail services.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 25/2024			

### C.17: Extended mining permit certainty (IUPK extensions)

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Extended mining permit certainty (IUPK extensions)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation 25/2024			
<b>Policy objective(s)</b>	To extend the mining company permit as a legal certainty			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	<p>Previously, only state-owned enterprises (SOEs) directly could obtain IUPK extensions beyond original validity.</p> <p>GR 25/2024 now allows subsidiaries of SOEs (as long as the SOE holds at least 30% undiluted shares) to also obtain these extensions.</p> <p>Advantage: Coal SOEs like PTBA (Bukit Asam) or PT Aneka Tambang can channel concessions via subsidiaries, effectively broadening eligibility and allowing longer operating horizons, reducing regulatory risk for coal producers.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 25/2024			

## C.18: Facilitation of vertical integration and downstreaming

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Facilitation of vertical integration & downstreaming			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation 25/2024			
<b>Policy objective(s)</b>	To strengthen mineral downstreaming			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	<p>The regulation clarifies that companies that integrate mining with downstream processing (coal upgrading, gasification, liquefaction) can access more favourable licensing and fiscal terms.</p> <p>Advantage: This strengthens the incentives from GR 25/2021 by making it easier for coal firms to qualify for royalty reductions/exemptions if they integrate downstream operations into their corporate structure.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 25/2024			

### C.19: Royalty and licensing flexibility for downstream projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Royalty and licensing flexibility			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation 25/2024			
<b>Policy objective(s)</b>	To reduce coal production costs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	<p>GR 25/2024 includes provisions to adjust royalty and fee obligations linked to downstream projects (though details are in ministerial regulations).</p> <p>Advantage: Potentially lower fiscal burdens (royalty rates) for coal used in downstreaming, effectively reducing costs for producers who expand into coal-to-chemicals or gasification.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 25/2024			

## C.20: Regulatory certainty and permit validity alignment for longer project lifespans

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Regulatory certainty for longer project lifespans			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation 25/2024			
<b>Policy objective(s)</b>	To extend the mining company permit as a legal certainty			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	<p>By aligning licence validity with project lifetimes and extending coverage to subsidiaries, investors get longer time horizons for capital recovery.</p> <p>Advantage: Coal firms can plan multi-decade projects (especially for gasification or Coal-to-Dimethyl Ether (DME)), knowing licences won't expire mid-project. This is a risk-reduction subsidy in practice.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 25/2024			

## C.21: Green taxonomy–classification enabling concessional finance for coal-linked transition projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Green taxonomy – classification enabling concessional finance for coal-linked transition projects			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 4/2023			
<b>Policy objective(s)</b>	To classify coal-related phased transition and align investments with Indonesia’s low-carbon pathway			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2023–ongoing			
<b>Background/definition</b>	Indonesia’s updated green taxonomy (2024) allows some coal-linked projects (e.g., captive plants tied to nickel smelters, early retirement plans) to be classed as “transition,” enabling access to sustainable finance instruments at preferential rates, reducing capital costs, and improving investment viability.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/A	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/A	N/A
<b>Information sources/link</b>	Law No.4/2023; Financial Services Authority, 2022			

## C.22: Special coal pricing for downstream projects (2022-2024 announcements)

<b>Support measure classification</b>	Income or price support		<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Tax			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Cross-cutting through the value chain
<b>Support measure name/designation</b>	Special coal pricing for downstream projects (2022-2024 announcements)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Not yet codified in a formal regulation			
<b>Policy objective(s)</b>	To attract investment for downstream coal projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2024–ongoing			
<b>Background/definition</b>	<p>MEMR discussed special/discounted prices for coal destined for downstream projects to improve economics and attract investment. This scheme has been repeatedly discussed since 2021, although a legal basis does not exist yet. Instead, it seems to be handled through project-specific agreements (memoranda of understanding, contracts between SOEs, with government backing)</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/P	N/A
<b>Information sources/link</b>	Gurky, 2025; Mining Directory, 2023; Nangoy, 2025			

### C.23: Income Tax Article 22 exemption on coal imports for power generation

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Income Tax Article 22 exemption on Coal Imports for Power Generation			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 34/PMK.010/2017			
<b>Policy objective(s)</b>	To reduce operational costs for power producers and ensure stable electricity supply			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	Under Ministry of Finance Regulation No. 34/PMK.010/2017, imports of coal for power generation are exempt from Article 22 Income Tax (PPH Pasal 22), which normally applies as a prepayment on imported goods.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 34/PMK.010/2017			

## C.24: Land and building tax (PBB) reduction on coal mining

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Land and building tax (PBB) reduction on coal mining			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law 12/1985 Ministry of Finance Regulation No. 186/PMK.03/2019 Ministry of Finance Regulation No. 139/PMK.03/2014			
<b>Policy objective(s)</b>	To reduce coal mining operation costs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers (various consumers directly)			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	Reduction in land and building tax (PBB) for coal mining operations  These regulations allow the following: reductions or exemptions in PBB for mining operations under certain conditions, adjustments based on contract type, location, and production stage, special treatment for KK and PKP2B holders, especially if assets are state-owned or part of strategic projects.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law 12/1985; Ministry of Finance Regulation No. 139/PMK.03/2014; Ministry of Finance Regulation No. 186/PMK.03/2019			

# Annex C. Electricity Support Measures

## EL. 1: COVID-19 economic recovery program–PLN compensation

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	COVID-19 economic recovery program–PLN compensation			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 23/2020			
<b>Policy objective(s)</b>	The economic recovery program, which includes compensation payments to PT PLN, the national electricity company, is intended to stimulate the economy and support businesses struggling during the COVID-19 crisis.			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-2021			
<b>Background/definition</b>	<p>During the COVID-19 pandemic, the Indonesian government launched the Economic Recovery Program (PEN) to support households and maintain essential services. As part of this effort, PLN received compensation to cover revenue shortfalls from government-mandated electricity discounts and tariff freezes. PLN (electricity SOE) is set to receive IDR 45.5 trillion in compensation payment and participation of state capital.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/A	N/P	N/P	N/P
<b>Information sources/link</b>	Government Regulation No. 23/2020			

## EL. 2: Electricity subsidy

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Electricity subsidy			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 20/2003 Central Government under the annual state budget (APBN) Presidential Regulation No. 8/2011			
<b>Policy objective(s)</b>	To keep electricity prices low for end users from vulnerable households			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2003–ongoing			
<b>Background/definition</b>	<p>PLN is compensated for selling electricity below cost to 450 Volt-Ampere (VA) and 900 VA households and small businesses. The regulatory basis is the State Budget law and Presidential Regulation No. 8/2011 on Electricity Tariffs.</p> <p>The Indonesian government sets electricity tariffs for all consumer categories (i.e., households, industries, and commercial and government services). The current electricity tariffs for all customer categories are below the cost of generating and distributing that electricity. Therefore, the government provides PLN, the state-owned electricity company, with annual compensation for the losses the company incurs because of the lower selling prices. Annual amounts for this compensation are recorded in the government budget under "electricity subsidies" and are equivalent to the difference between the subsidized retail prices and the average cost of supplying power to end consumers by PLN. The average cost is based, in turn, on an estimate of the composition of energy feedstock and on the costs of operating power plants, to which are then added supplementary costs for transmission, distribution, and the margins charged by PLN.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	47.82	56.13	68.70	75.82
<b>(USD million, nominal values)</b>	3,345.39	3,778.99	4,510.39	4,785.84
<b>Information sources/link</b>	Ministry of Finance, various dates; Law No. 20/2003; Presidential Regulation No. 8/2011			

### EL.3: Compensation for below-market prices for electricity

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities	<b>Support measure sub-mechanism</b>	Direct spending	
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Compensation for below-market prices for electricity			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN) MEMR Regulation No. 7/2024 MEMR Regulation No. 28/2016 amended by MEMR Regulation No. 8/2023			
<b>Policy objective(s)</b>	Compensate state-owned Pertamina for the losses the company incurs as a result of the lower selling prices			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2017			
<b>Background/definition</b>	<p>The Indonesian government has set the retail prices for electricity tariff below corresponding market price levels. In order to compensate state-owned PLN receives compensation for not raising tariffs for non-subsidized customers despite rising generation costs.</p> <p>Regulatory basis is UU APBN, Ministry of Energy and Mineral Resources Regulation No 7/2024 on electricity tariffs, Ministry of Energy and Mineral Resources Regulation No 28/2016 amended by Ministry of Energy and Mineral Resources Regulation No 8/2023</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	24.59	72.13	74.01	100.20
<b>(USD million, nominal values)</b>	1,720.49	4,856.06	4,859.13	6,325.13
<b>Information sources/link</b>	Central Government under the annual state budget (APBN); Ministry of Finance, various dates; MEMR Regulation No. 7/2024; MEMR Regulation No. 28/2016 amended by MEMR Regulation No. 8/2023			

#### EL. 4: COVID-19 Economic Recovery Program - Electricity Discount for Poor Households

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	COVID-19 Economic Recovery Program - Electricity discount for poor households			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 23/2020			
<b>Policy objective(s)</b>	To protect and support poor households struggling during the COVID-19 crisis			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-2022			
<b>Background/definition</b>	<p>To support vulnerable groups of society during the COVID-19 pandemic and the associated economic crisis, the government provided electricity support to poor households by giving electricity price discounts to the subsidized households and small businesses with connected capacity of 450 VA and 900 VA (criteria based on the Integrated Social Welfare Data [Data Terpadu Kesejahteraan Sosial/DTKS]). This measure was implemented in spring 2020 and went through several extensions until 2022.</p> <p>The values reported are taken from the Central Government Financial Report (Laporan Keuangan Pemerintah Pusat/LKPP) 2021-2022</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.79	0.11	N/P	N/P
<b>(USD million, nominal values)</b>	614.60	7.73	N/P	N/P
<b>Information sources/link</b>	Ministry of Finance, various dates; Government Regulation No. 23/2020			

## EL. 5: COVID-19 economic recovery program–Subscription tariff for poor households

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	COVID-19 economic recovery program–Subscription tariff for poor households			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 23/2020			
<b>Policy objective(s)</b>	To protect and support poor households struggling during the COVID-19 crisis			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-2021			
<b>Background/definition</b>	<p>To support the vulnerable groups of society during the COVID-19 pandemic and the associated economic crisis, in addition to the discounted tariff support for the subsidized household and small businesses with a connected capacity of 450 VA and 900 VA, the government also waived subscription tariffs for new connections for the same categories. This measure was implemented in spring 2020 and went through several extensions up to the point this report was written in December 2025.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/A	N/P	N/P	N/P
<b>Information sources/link</b>	Government Regulation No. 23/2020			

## EL. 6: Income tax reduction for electricity generation projects using new types of fossil energies

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Income tax reduction for electricity generation projects using new types of fossil energies			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015			
<b>Policy objective(s)</b>	To incentivize investments in projects that exploit new economic opportunities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (of electricity)			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>Based on the current tax rate of 22%, the income tax would be reduced to 17% for 6 years starting from the commercial production. The provision of this tax reduction to an investment project is proposed by the Head of the Investment Coordinating Board to the Minister of Finance and is subject to their approval.</p> <p>Electricity generation projects based on new types of fossil energy sources (hydrogen, coal bed methane [an unconventional form of natural gas found in coal deposits or coal seams], and liquefied coal or gaseous coal) are considered business areas with high national priority that are eligible for this tax reduction according to Government Regulation No. 18/2015. These projects include both new investments and the expansion of existing businesses and need to have a high investment value, large employment absorption, and significant local content.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015			

## EL. 7: Accelerated depreciation and amortization for initial capital investment on electricity generation using new types of fossil energies

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Accelerated depreciation and amortization for initial capital investment on <b>electricity generation using</b> new types of fossil energies			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Minister of Finance Regulation No. 11/PMK.010/2020			
<b>Policy objective(s)</b>	To incentivize investments in projects that exploit new economic opportunities in fossil fuels			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers of electricity			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>According to Government Regulation No. 18/2015, electricity generation based on new types of fossil energy sources (e.g., hydrogen, coal bed methane—an unconventional natural gas found in coal deposits or coal seams—and liquefied coal or gaseous coal) is considered to be a business area with high national priority, and developers are eligible for this tax reduction. These projects include both new investments and the expansion of existing businesses and need to have a high investment value, large employment absorption, and significant local content.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015; Minister of Finance Regulation No. 11/PMK.010/2020			

## EL. 8: Extended corporate income tax compensation for electricity generation from new types of fossil energies

<b>Support measure classification</b>	Government revenue foregone		<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	Extended corporate income tax compensation for electricity generation from new types of fossil energies			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Minister of Finance Regulation No. 11/PMK.010/2020			
<b>Policy objective(s)</b>	To incentivize investments in projects that exploit new economic opportunities, the Government of Indonesia extended CIT compensation for losses on projects using new types of fossil energies.			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers of electricity			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>The compensation for loss appears when the company has a loss in the previous fiscal year. This compensation can be offset with the net profit in the current year when the yearly tax is reported as nil or in excess, for up to 5 consecutive years. With the incentives here, a company can be compensated for its losses from the previous years for the next 5 years and an additional 1 year.</p> <p>Electricity generation projects based on new types of fossil energy sources (hydrogen, coal bed methane, and liquefied or gaseous coal) are considered business areas with high national priority, and developers are eligible to receive an income tax reduction according to Government Regulation No. 18/2015. These projects include both new investments and the expansion of existing businesses and need to have a high investment value, large employment absorption, and significant local content.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015; Minister of Finance Regulation No. 11/PMK.010/2020			

## EL. 9: Custom and import duty exemption on imported equipment and machinery for electricity development

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Infrastructure and equipment	
<b>Support measure name/designation</b>	Custom and import duty exemption on imported equipment and machinery for electricity development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 154/PMK.011/2008 Ministry of Finance Regulation No. 199/PMK/010/2019 Ministry of Finance Regulation No. 65/PMK.04/2021			
<b>Policy objective(s)</b>	To attract investments in the electricity sector by reducing the costs of assets needed to move forward with the project			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers of electricity			
<b>Time period/frequency of support measure</b>	2008-ongoing			
<b>Background/definition</b>	<p>Imported equipment and machines for power generation projects, but not spare parts, have been exempt from paying customs and import duties since 2008. The current rate for customs and import duty is 7.5%. To support the development of the power generation industry business, the Government of Indonesia has exempted the import duty on the import of capital goods in the framework of the business of building and developing power plants for the public interest since 2008 (Minister of Finance Regulation 154/PMK.011/2008).</p> <p>To obtain the exemption, the importer or buyer needs to meet a range of provisions (e.g., these goods cannot be produced domestically) and submit an application to the Director General of Customs and Excise that must be approved. This support measure is not quantified because no information is available about which importer or buyer applied for this exemption.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 154/PMK.011/2008; Ministry of Finance Regulation No. 199/PMK/010/2019; Ministry of Finance Regulation No. 65/PMK.04/2021			

## EL. 10: Below-market price on DMO for coal for power generation

<b>Support measure classification</b>	Income or price support	<b>Support measure sub-mechanism</b>	Market price support and regulation	
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support)			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer (IPPs and PLN)	
<b>Support measure name/designation</b>	Below-market price on DMO for coal			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR Regulation No. 78K/30/MEM/2019			
<b>Policy objective(s)</b>	To secure an affordable coal supply for PLN			
<b>Beneficiary/end recipient(s) of support measure</b>	Production			
<b>Time period/frequency of support measure</b>	2009–ongoing			
<b>Background/definition</b>	<p>The DMO support measure for coal for power generation is recognized as a government intervention (i.e., to influence the market or send a market signal) and is therefore included in this inventory report. Coal producers have had to sell a portion of their production to the domestic market at discounted prices since the introduction of the DMO Law in 2009.</p> <p>The current situation still refers to MEMR Regulation No. 78K/30/MEM/2019, in which the DMO quota for all coal producers is set at 25% of their annual production, with the price capped at USD 70/ton (Domestic Price Obligation). As coal producers are obliged to sell a share of their output on the domestic market at prices that are lower than what they would obtain on the international market, this measure can be considered as counting toward consumer support, in this case PLN, though it does reduce the revenues of coal mining companies.</p> <p>The amount is estimated by multiplying PLN's annual coal consumption by the positive gap between the average market coal price (grade-matched, e.g., Indonesia Coal Index) and the DMO cap of USD 70/ton, then converting to IDR using the year's average Jakarta Interbank Spot Dollar Rate rate.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	49.93	206.35	138.29	58.49
<b>(USD million, nominal values)</b>	3,492.78	13,892.87	9,078.59	3,692.14
<b>Information sources/link</b>	MEMR Regulation No. 78K/30/MEM/2019 (DMO Price); MEMR, 2024a			

## EL. 11: Government credit loan guarantee for PLN related to Power Purchase Agreements (PPAs)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Transfer of risk to government			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Producer (IPPs and PLN)
<b>Support measure name/designation</b>	Government credit loan guarantee for PLN related to Power Purchase Agreements (PPAs)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 199/PMK/010/2019 Ministry of Finance Regulation No. 65/PMK.04/2021			
<b>Policy objective(s)</b>	To support the strengthening of the electricity network in Sumatra with a focus on the development of the distribution network			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers of electricity			
<b>Time period/frequency of support measure</b>	2016–ongoing			
<b>Background/definition</b>	<p>Coal-fired electricity generators can, in formal partnership with PT PLN, apply for a government loan guarantee and project feasibility assurance.</p> <p>The business viability guarantee letter is granted by the Ministry of Finance to PT PLN to ensure that it can meet its financial obligations within power purchase agreements with IPPs. The guarantee is addressed to the project company, which is entitled to assign the guarantee by way of security to the lenders. To be eligible, the creditor must have a signed agreement with PT PLN, and projects must be approved by the MEMR and the Directorate General of Investment and Risk Management.</p> <p>In 2019, loan guarantees from the government amounted IDR 7.91 trillion, and they applied for a period of 10 years. The credit support was also received at the end of 2019 for various projects totalling 35,000 MW, which were started in 2014. Therefore, no amount data has been recorded since then.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Amindoni, 2016 (PLN loan guarantee in 2019): Ministry of Finance Regulation No. 199/PMK/010/2019; Ministry of Finance Regulation No. 65/PMK.04/2021			

## EL. 12: VAT exemption for electricity consumption

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	VAT exemption for electricity consumption			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 81/2015			
<b>Policy objective(s)</b>	To protect purchasing power of lower-income households			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>Based on Presidential Regulation 81/2015, certain strategically taxable goods are exempted from the imposition of VAT, which is normally set at 10%. This provision also includes the supply of electricity, except for households with power connections above 6,600 VA. Therefore, household consumers with installed capacity below 6,600 VA pay a lower tariff because there is no VAT included in their tariff.</p> <p>The numbers are directly taken from the official government Tax Expenditure Report 2023. The amount for 2024 is still a projection since the latest document was for 2023.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	7.20	8.50	9.30	9.90
<b>(USD million, nominal values)</b>	503.67	572.27	610.56	624.92
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Government Regulation No. 81/2015			

### EL. 13: Government loan guarantee for PLN’s coal-fired power plant development

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Transfer of risk to government			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Downstream-Power Generation
<b>Support measure name/designation</b>	Government loan guarantee for PLN’s coal-fired power plant development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 91/2007			
<b>Policy objective(s)</b>	To provide a full guarantee on PT PLN (Persero)’s loan for coal-fired power plants development			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer (PT PLN)			
<b>Time period/frequency of support measure</b>	2007-ongoing			
<b>Background/definition</b>	<p>In accordance with Presidential Regulation No. 91/2007, the government provides a full guarantee for PT PLN (Persero)’s loan repayment obligations to banking creditors that offer financing in support of the accelerated development of coal-fired power plants.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 91/2007			

## EL. 14: Disbursement of government loan guarantee for PLN's coal-fired power plant development

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Transfer of risk to government			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Downstream-Power Generation
<b>Support measure name/designation</b>	Disbursement of government loan guarantee for PLN's coal-fired power plant development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 91/2007			
<b>Policy objective(s)</b>	To provide a full guarantee on PT PLN (Persero)'s loan for coal-fired power plants development			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer (PT PLN)			
<b>Time period/frequency of support measure</b>	2007-ongoing			
<b>Background/definition</b>	<p>In accordance with Presidential Regulation No. 91/2007, the government provides a full guarantee for PT PLN (Persero)'s loan repayment obligations to banking creditors that offer financing in support of the accelerated development of coal-fired power plants. The difference between EL.13 and EL.14 is that EL.13 reflects the total amount of loan guarantees signed, whereas EL.14 represents the amount already disbursed under those guarantees.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 91/2007			

## EL. 15: Rural electricity credit (KLP)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Rural electricity credit (KLP)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 47/2024 Regulation of the Director General of Treasury No. PER-1/PB/2025			
<b>Policy objective(s)</b>	Funding for credit to cover the outstanding cost of electricity connection and installation in consumers' homes			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	2024–ongoing			
<b>Background/definition</b>	<p>Government program that provides funding for credit to cover the cost of electricity connection and installation in consumers' homes.</p> <p>The regulatory framework for KLP, especially regarding the resolution of unpaid receivables, is governed by Government Regulation No. 47/2024 and Regulation of the Director General of Treasury No. PER-1/PB/2025. These regulations provide the legal basis for:</p> <ul style="list-style-type: none"> <li>identifying and verifying KLP-related receivables</li> <li>determining eligibility for conditional or unconditional write-offs</li> <li>guiding the Ministry of Finance and related agencies in managing and resolving legacy credit obligations under the KLP scheme</li> </ul> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/P	N/A
<b>Information sources/link</b>	Directorate General of Treasury, 2025; Government Regulation No. 47/2024			

## EL. 16: Rural electrification grants

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Provision of goods/services
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Consumption		<b>Value chain link</b>	Consumers (various consumers directly)
<b>Support measure name/designation</b>	Rural electrification grants			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN)			
<b>Policy objective(s)</b>	Expand electricity access in remote areas			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	-			
<b>Background/definition</b>	<p>The government provides infrastructure grants to PLN for expanding electricity access in remote areas. These costs are not recovered through tariffs.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance (various dates)			

## EL. 17: Fixed capacity payments for IPPs

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Price Support
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer	
<b>Support measure name/designation</b>	Fixed capacity payments for IPPs			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR Regulation No. 10/2017			
<b>Policy objective(s)</b>	Provision of electricity supply and purchase through long-term electricity contracts between PLN and producers			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>PLN pays fixed capacity charges to coal and gas IPPs regardless of dispatch levels. These payments are guaranteed under long-term contracts regulated under MEMR Regulation No. 10/2017 and embedded in PPAs.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	MEMR Regulation No. 10/2017			

## EL. 18: Diesel subsidies for isolated grids

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct and indirect transfer of funds and liabilities
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer	
<b>Support measure name/designation</b>	Diesel subsidies for isolated grids			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (Anggaran Pendapatan dan Belanja Negara/APBN) Presidential Regulation 8/2011 MEMR Regulation No. 38/2016 Minister of Finance Regulation No. 129/PMK.05/2020			
<b>Policy objective(s)</b>	Provision of electricity supply and purchase through long-term electricity contracts between PLN and producers			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>PLN operates diesel mini-grids in remote areas at a loss; government compensates the cost gap between diesel generation and retail tariffs. Regulated under MEMR Regulation No. 38/2016. Amount is included in electricity subsidy. Regulated under APBN, Presidential Regulation 8/2011 on electric power tariff, Minister of Finance Regulation No. 129/PMK.05/2020 on compensation mechanisms.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	MEMR Regulation No. 38/2016; Minister of Finance Regulation No. 129/PMK.05/2020; Presidential Regulation 8/2011			

## EL. 19: BPYBDS Scheme for PT PLN

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct and indirect transfer of funds and liabilities
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer	
<b>Support measure name/designation</b>	BPYBDS Scheme for PT PLN			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN) Law 1/2004 Law 19/2003 Government Regulation 125/2015 Ministry of Finance Regulation No. 223/PMK.05/2015 Ministry of Finance Regulation No. 159/PMK.05/2018			
<b>Policy objective(s)</b>	To support the operational activities of PT PLN (Persero) by transferring APBN-funded government projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumption			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	BPYBDS (Bantuan Pemerintah yang Belum Ditetapkan Statusnya)/Government Assistance Pending Formal Classification, refers to government assets (Barang Milik Negara/BMN)—primarily electricity infrastructure—transferred from the MEMR (ESDM) to PT PLN (Persero) for operational use, but without formal classification as either <ul style="list-style-type: none"> <li>• capital injection (PMN)</li> <li>• grant or other assistance</li> </ul> No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation 125/2015; Law 1/2004; Law 19/2003; Ministry of Finance Regulation No. 223/PMK.05/2015; Ministry of Finance Regulation No. 159/PMK.05/2018			

# Annex D. Renewable Energy Support Measures

## RE. 1: Grants for geothermal explorations under the Geothermal Resource Risk Mitigation Project of Indonesia

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities	<b>Support measure sub-mechanism</b>	Direct spending	
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access and appraisal	
<b>Support measure name/designation</b>	Grants for geothermal explorations under the Geothermal Resource Risk Mitigation Project of Indonesia			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 6/2023 Law No. 21/2014 Government Regulation No. 7/2017 Ministry of Finance Regulation No. 62/PMK.08/2017			
<b>Policy objective(s)</b>	To support exploration & exploitation of geothermal development			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	Geothermal Resource Risk Mitigation (GREM) is a financing facility intended to finance the geothermal exploration process, with the main feature of a derisking scheme to help mitigate resource risk at the exploration stage. This fund is managed by PT Sarana Multi Infrastructure (PT SMI). PT SMI selects the contractors to deliver this work. Total project cost is USD 465 million (including USD 10 million for technical assistance). This includes both grants and loans from multiple international institutions from September 2019 to October 31, 2029.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.002	0.006	0.01	0.01
<b>(USD million, nominal values)</b>	0.14	0.38	0.37	0.86
<b>Information sources/link</b>	Government Regulation No. 7/2017; Green Climate Fund, n.d.; Law No. 6/2023; Law No. 21/2014; PT SMI, various dates; World Bank Group, n.d.			

## RE. 2: Loans for geothermal explorations under the Geothermal Resource Risk Mitigation (GREM) Project of Indonesia

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access and appraisal
<b>Support measure name/designation</b>	Loans for geothermal explorations under the Geothermal Resource Risk Mitigation (GREM) Project of Indonesia			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 6/2023 Law No. 21/2014 Government Regulation No. 7/2017			
<b>Policy objective(s)</b>	To support exploration of geothermal development			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/geothermal developers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	<p>GREM is a financing facility intended to finance the geothermal exploration process, with the main feature of a derisking scheme to help mitigate resource risk at the exploration stage. This fund is managed PT SMI. PT SMI selects the contractors to deliver this work. Total project cost is USD 465 million (including USD 10 million for technical assistance). This includes both grants and loan from multiple international institutions, from September 2019 to October 31, 2029.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 7/2017; Green Climate Fund, n.d.; Law No. 21/2014; Law No. 6/2023; World Bank Group, n.d.			

### RE. 3: Suspension and elimination of VAT and income tax for various renewable energy projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Suspension and elimination of VAT and income tax for various renewable energy projects			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 36/2008 Government Regulation No. 1/2007 Ministry of Finance Regulation No. 16/PMK.010/2020			
<b>Policy objective(s)</b>	To stimulate the economy and support businesses struggling during the COVID-19 crisis			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2020-2021			
<b>Background/definition</b>	<p>The Government of Indonesia suspended and eliminated the VAT and CIT for various renewable energy projects in early 2020 as part of the general package of measures to stimulate the economy and support businesses struggling during the COVID-19 crisis. These measures were extended to the end of 2021. Normal rates during the 2020/2021 period were 10% for VAT and 22% for CIT.</p> <p>Since there is no information available about the investment projects that have benefited from this suspension and elimination of VAT and income tax, this support measure is not quantified.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/A	N/P	N/P	N/P
<b>Information sources/link</b>	Government Regulation No. 1/2007; Law No. 36/2008; Ministry of Finance Regulation No. 16/PMK.010/2020			

#### RE. 4: Income tax reduction for renewable energy projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Income tax reduction for renewable energy projects			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 16/PMK 03/2007 Ministry of Finance Regulation No. 21/PMK 11/2010 Government Regulation No. 18/2015 Government Regulation No. 9/2016 (Amendment of GR No.18/2015) Permenkeu No 11/PMK 010/2020			
<b>Policy objective(s)</b>	To support the development of renewable energy in Indonesia			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Under Regulation No. 16/PMK 03/2007, the Government of Indonesia supports investments in high-priority business areas to promote economic growth and equitable development through a 30% reduction (5% over a period of 6 years) of income tax. This regulation is the umbrella regulation that governs incentives and support measures, including income tax reduction, for designated priority business areas, which include renewable energy. The specific regulation on tax facilities for renewable energy was enacted in 2010 under Ministry of Finance Regulation No. 21/PMK 11/2010.</p> <p>Based on the current tax rate of 22%, the income tax would be reduced to 17% for 6 years starting from the beginning of commercial production. The provision of this tax reduction is proposed by the Head of the Investment Coordinating Board to the Minister of Finance, and is subject to their approval.</p> <p>Renewable energy projects (electricity generation through hydropower, solar, wind, geothermal, or ocean current) are considered business areas with high national priority that are eligible for this tax reduction. No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A

**Information  
sources/link**

Government Regulation No. 18/2015; Government Regulation No. 9/2016 (Amendment of GR No.18/2015); Ministry of Finance Regulation No. 16/PMK 03/2007; Ministry of Finance Regulation No. 21/PMK 11/2010; Permenkeu No 11/PMK 010/2020

## RE. 5: Accelerated depreciation and amortization of initial capital investment assets for renewable energy projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Accelerated depreciation and amortization on assets for the initial capital investment of renewable energy projects			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Government Regulation No. 9/2016 Ministry of Finance Regulation No. 16/PMK 03/2007 Ministry of Finance Regulation No. 21/PMK.011/2010 Ministry of Finance Regulation No. 11/PMK.010/2020			
<b>Policy objective(s)</b>	To support the renewable energy sector as part of high-priority business areas, according to the Government of Indonesia			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	Under Regulation No. 16/PMK 03/2007, the Government of Indonesia supports investments in high-priority business areas to promote economic growth and equitable development, including accelerating their asset depreciation expenses. As the depreciation expenses get bigger, the amount of tax paid is smaller. Ministry of Finance Regulation No. 21/PMK 11/2010 is strengthened by Government Regulation No. 18/2015 Government Regulation No. 9/2016 and Ministry of Finance Regulation No. 89/PMK/ 010/2015 (applies to sectors mentioned in Government Regulation No. 18/2015—including for renewable energy). No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015; Government Regulation No. 9/2016; Ministry of Finance Regulation No. 16/PMK 03/2007; Ministry of Finance Regulation No. 21/PMK.011/2010; Ministry of Finance Regulation No. 11/PMK.010/2020			

## RE. 6: Extended corporate income tax compensation for losses on renewable energy projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Extended corporate income tax compensation for losses on renewable energy projects			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Government Regulation No. 9/2016 Ministry of Finance Regulation No. 16/PMK 03/2007 Ministry of Finance Regulation No. 21/PMK.011/2010			
<b>Policy objective(s)</b>	To improve the economic feasibility of renewable energy projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Under Regulation No. 16/PMK 03/2007, the Government of Indonesia supports investments in high-priority business areas to promote economic growth and equitable development, including providing compensation for losses incurred for a period between 5 and 10 years (longer than 5 years but not more than 10 years). The compensation on loss appears when the company has a loss in the previous fiscal year. This compensation can be offset with the net profit in the current year when the yearly tax is reported nil or in excess for 5 years in a row. The specific regulation that covers the losses incurred for renewable energy is the Ministry of Finance Regulation No.21/PMK 11/2010.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015; Government Regulation No. 9/2016; Ministry of Finance Regulation No. 16/PMK 03/2007; Ministry of Finance Regulation No. 21/PMK.011/2010			

## RE. 7: VAT exemption on imported equipment and machines for renewable energy development

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Infrastructure and equipment	
<b>Support measure name/designation</b>	Exemption of VAT on imported equipment and machines for renewable energy development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Ministry of Finance Regulation No. 21/PMK 11/2010			
<b>Policy objective(s)</b>	To attract investment in the renewable energy sector and increase renewable energy competitiveness			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Imported equipment and machines for renewable energy projects, but not spare parts, have been exempt from paying the usual 10% VAT since 2010, according to the Ministry of Finance Regulation No. 21/PMK 11/2010 to attract investment in that sector and increase the competitiveness of such projects. This includes geothermal, wind, bioenergy, solar, hydro, and ocean energy projects. Under this regulation, VAT levied on imports of these strategic taxable goods is deposited into the State Treasury but a refund may be requested by the importer or buyer, as long as it has not been credited.</p> <p>The import value only includes import related to wind power generation, hydropower technology, and solar power.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.26	0.03	0.46	0.33
<b>(USD million, nominal values)</b>	18.15	1.91	30.01	20.99
<b>Information sources/link</b>	Badan Pusat Statistik, various dates; Government Regulation No. 18/2015; Ministry of Finance Regulation No. 21/PMK 11/2010			

## RE. 8: Custom and import duty exemption on imported equipment and machines for renewable energy development

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Infrastructure and equipment	
<b>Support measure name/designation</b>	Custom and import duty exemption on imported equipment and machines for renewable energy development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 21/PMK 11/2010 Government Regulation No. 18/2015			
<b>Policy objective(s)</b>	To attract investment in the renewable energy sector and increase renewable energy competitiveness			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Under Ministry of Finance Regulation No. 26/PMK.010/2022 (BTKI 2022 tariff schedule), most capital goods and electrical machinery (HS 84-85) carry import duty bands of 5 %-10 %. The modelling uses 7.5% as a blanket rate.</p> <p>Under Ministry of Finance Regulation No. 21/PMK.011/2010, the regulation extended to renewable projects the previous regulation exempting the import duty on the import of capital goods in the framework of the business of building and developing power plants for the public interest, created in order to support the development of the power generation industry business.</p> <p>To obtain the exemption, the importer or buyer needs to meet a range of provisions (e.g., these goods cannot be produced domestically) and submit an application to the Director General of Customs and Excise that needs to be approved. For geothermal activities, the item that can be re-exported can be exempted from the custom.</p> <p>Beneficiaries include private and public renewable energy developers, including PLN.</p> <p>The import value only includes imports related to wind power generation (wind turbines) hydropower technology (hydraulic turbines), and solar power for 2023-2024 only as there is no complete data available.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.18	0.02	0.32	0.23
<b>(USD million, nominal values)</b>	12.66	1.33	20.94	14.64
<b>Information sources/link</b>	Badan Pusat Statistik, various dates; Government Regulation No. 18/2015; Ministry of Finance Regulation No. 21/PMK 11/2010			

## RE. 9: Tax holidays for renewable energy projects

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	Tax holidays for renewable energy projects		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 130/PMK.010/2020 Ministry of Investment Regulation No. 7/2020		
<b>Policy objective(s)</b>	To increase the economic feasibility of renewable energy projects and accelerate their payback period		
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)		
<b>Time period/frequency of support measure</b>	2020-ongoing		
<b>Background/definition</b>	<p>The tax holiday for renewable energy, designated as a pioneer industry, had been previously provided from 2011 to 2015. In 2020, this incentive measure was reactivated for pioneer industries under the Ministry of Finance Regulation No. 130/PMK 010/2020, although renewable energy was not explicitly specified. Designation of renewable energy is specified under the Ministry of Investment Regulation No. 7/2020, which stipulates that renewable energy is part of the economic infrastructure industry and, therefore, effectively a pioneer industry.</p> <p>Depending on the size of investments, renewable energy project developers (both private and public) are exempted from the CIT for the first 5 to 20 years of generating energy (revenue). The exemptions are applicable under the following criteria:</p> <ul style="list-style-type: none"> <li>• Tax holiday 5 years: for investment with a minimum value of IDR 500 billion and under IDR 1 trillion (IDR 500 billion ≤ investment &lt; IDR 1 trillion)</li> <li>• Tax holiday 7 years: for investment with a minimum value of IDR 1 trillion and under IDR 5 trillion (IDR 1 trillion ≤ investment &lt; IDR 5 trillion)</li> <li>• Tax holiday 10 years: for investment with a minimum value of IDR 5 trillion and under IDR 15 trillion (IDR 5 trillion ≤ investment &lt; IDR 15 trillion)</li> <li>• Tax holiday 15 years: for investment with a minimum value of IDR 15 trillion and under IDR 30 trillion (IDR 15 trillion ≤ investment &lt; IDR 30 trillion)</li> <li>• Tax Holiday 20 years: for investment with a minimum value of IDR 20 trillion and above (investment ≥ IDR 20 trillion)</li> </ul> <p>No estimates are provided because official data availability for this measure is limited.</p>		
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023 FY 2024

<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 130/PMK.010/2020; Ministry of Investment Regulation No. 7/2020			

## RE. 10: Funding of renewable energy projects through Green Sukuk Bonds

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities	<b>Support measure sub-mechanism</b>	Direct spending	
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Funding of renewable energy projects through Green Sukuk Bonds			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Financial Services Authority Regulation No. 18/2023			
<b>Policy objective(s)</b>	To provide funding for constructing renewable energy projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2018-ongoing			
<b>Background/definition</b>	<p>In 2018, the Government of Indonesia launched a program called Green Sukuk, managed by the Ministry of Finance, to combat climate change. Green Sukuk is a financing instrument for green projects in Indonesia, and the Green Sukuk Bonds provides funding for constructing renewable energy projects. The sectors that are eligible to be financed by the Green Sukuk include renewable energy development, energy efficiency, and other green sectors. A number of renewable energy projects are funded by the Green Sukuk, including:</p> <ul style="list-style-type: none"> <li>• development of 121 renewable energy facilities and infrastructure, such as solar power plants, micro-hydro power plants, and mini hydro power plant construction) to provide rural electrification in off-grid areas, especially in remote areas and small islands;</li> <li>• development of renewable energy and energy conservation infrastructure that includes a centralized solar power plant, a micro-hydro power plant, and a communal biogas power plant powered by palm oil mill effluents;</li> <li>• construction of new and renewable energy infrastructure. Power generation is sourced from solar, mini- and micro-hydro power plants, and biogas power plants.</li> </ul> <p>This includes new and renewable energy infrastructure development, with a focus on areas that are out of the PLN electricity coverage, in other words, the project aims to improve the electrification ratio in off-grid areas across the country which mainly generated from solar and biogas power plants</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	1.37	1.01	1.23	1.08
<b>(USD million, nominal values)</b>	95.84	67.87	80.75	68.17
<b>Information sources/link</b>	Financial Services Authority Regulation No. 18/2023; Ministry of Finance, 2020a, 2020b, 2021, 2022, 2023a			

**RE. 11: Infrastructure fund for geothermal sector (Pembiayaan Infrastruktur Sektor Panas Bumi [PISP])**

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	Infrastructure fund for geothermal sector (also known as Pembiayaan Infrastruktur Sektor Panas Bumi or PISP)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 62/PMK.08/2017			
<b>Policy objective(s)</b>	To support geothermal exploration, exploitation, plant development activities, as well as provision of data and informatics			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (renewable energy developers)			
<b>Time period/frequency of support measure</b>	2017-ongoing			
<b>Background/definition</b>	<p>PISP Funds are funds sourced from the diversion of government investment in the form of geothermal fund facilities from the Pusat Investasi Pemerintah to PT SMI used for financing geothermal sector infrastructure and other legitimate sources of funding.</p> <p>PISP Funds Management aims to support the financing of exploration and exploitation activities and the development of geothermal power plants, and to support the activities of providing geothermal data and information for the preparation of work areas or adding data to the work areas.</p> <p>Note the amounts from 2020 to 2024 are the fund balance at the end of each year (available fund capital) managed by PT SMI and do not represent actual annual disbursement. It was originally transferred from Pusat Investasi Pemerintah to PT SMI to manage.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	2.86	3.00	3.19	3.52
<b>(USD million, nominal values)</b>	200.07	201.75	209.19	222.45
<b>Information sources/link</b>	Ministry of Finance Regulation No. 62/PMK.08/2017; PT SMI (various dates)			

## RE. 12: Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPDLH)–Viability Gap Fund

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting	
<b>Support measure name/designation</b>	Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPDLH)–Viability Gap Fund			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 56/2011; Presidential Regulation No. 77/2018			
<b>Policy objective(s)</b>	To provide financial support for environmental projects, including renewable energy			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2018-ongoing			
<b>Background/definition</b>	<p>Viability Gap Fund (Presidential Regulation No. 56/2011): BPDLH provides cash support to reduce the amount of private funding required for a project to become financially viable. The Viability Gap Fund is intended primarily for end-user infrastructure projects, but the BPDLH provides funding for renewable energy-related infrastructure projects.</p> <p>Depending on the type of project, both producers and consumers can benefit from the support measures provided through the BPDLH.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance, 2020; Presidential Regulation No. 56/2011; Presidential Regulation No. 77/2018			

**RE. 13: Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPD LH)–Project Development Fund**

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities	<b>Support measure sub-mechanism</b>	Credit support	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPD LH)–Project Development Fund			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 77/2018 Ministry of Finance Regulation No. 265/PMK.08/2015			
<b>Policy objective(s)</b>	To provide financial support for environmental projects, including renewable energy			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>Project Development Fund (Ministry of Finance Regulation 265/PMK.08/2015): After BPD LH was established in 2020, the institution has supported renewable energy projects with grants and/or 0% to low-interest loans, depending on the projects (e.g., rooftop solar) and the project owners (e.g., public schools, project developers, and government entities), for instance:</p> <ul style="list-style-type: none"> <li>• For upgrading feasibility studies: Zero percent interest or low-interest loans to cover additional costs required by financial institutions to improve the quality of project feasibility studies to meet international standards.</li> <li>• For financial transaction fees grant: Grants to assist project developers in paying financial transaction fees where financial transactions render the project financially unfeasible. Financial transaction fees usually range from 1% to 2% of the total project investment or of the total bank loan.</li> <li>• For Solar Rooftop special program: A low-interest grant or loan facility distributed by BPD LH to support the Pembangkit Listrik Tenaga Surya (Solar Power Plant) roofing program, which is carried out by providing rebates or special discounts for the purchase of a rooftop solar system. This instrument can be provided directly either to individuals/households or to specific beneficiaries (e.g., public schools, universities, or government buildings).</li> </ul> <p>Depending on the type of project, both producers and consumers can benefit from the support measures provided through the BPD LH. No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024

<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 265/PMK.08/2015; Ministry of Finance, 2020; Presidential Regulation No. 77/2018			

**RE. 14: Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPDLH)–Credit Enhancement Facility (CEF)**

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	Environmental Fund under Badan Pengelola Dana Lingkungan Hidup (BPDLH)–Credit Enhancement Facility (CEF)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 77/2018 Indonesian Financial Services Authority Regulation No. 011/POJK.03/2019			
<b>Policy objective(s)</b>	To provide financial support, including low-cost credit, for environmental projects, including renewable energy			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2018-ongoing			
<b>Background/definition</b>	<p>Credit Enhancement Fund (Peraturan Otoritas Jasa Keuangan Indonesia Regulation No. 011/POJK.03/2019): BPDLH supports capital owners and financing institutions with various risk-reduction or de-risking measures, including 0% to low-interest loans (3% to 5%), insurance premium subsidies, interest subsidies, grants, and guarantees.</p> <p>Depending on the type of project, both producers and consumers can benefit from the support measures provided through the BPDLH.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Indonesian Financial Services Authority Regulation No. 011/POJK.03/2019; Ministry of Finance, 2020. Presidential Regulation No. 77/2018			

## RE. 15: Government grants for geothermal explorations

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Exploration, access, and appraisal
<b>Support measure name/designation</b>	Government grants for geothermal explorations			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (APBN)			
<b>Policy objective(s)</b>	To provide financial support for geothermal projects			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers (geothermal developers)			
<b>Time period/frequency of support measure</b>	2021			
<b>Background/definition</b>	<p>Direct transfer (grants) for geothermal exploration activities from the government by returning operating costs that have been incurred by developers in the exploration of geothermal working areas.</p> <p>Only the amount for FY 2021 is provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.42	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	29.38	N/A	N/A	N/A
<b>Information sources/link</b>	CNN Indonesia, 2020			

## RE. 16: Dana Ketahanan Energi (DKE) Fund (Energy Resilience Fund)

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Direct spending
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	DKE Fund (Energy Resilience Fund)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Central Government under the annual state budget (Anggaran Pendapatan dan Belanja Negara/APBN)			
<b>Policy objective(s)</b>	To support energy security			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	Start in 2026			
<b>Background/definition</b>	<p>DKE Fund is a pool of funds to provide incentives and financing facilities for the development of renewable energy, oil and gas energy, supporting the government's energy security objectives.</p> <p>In 2026, the government provided IDR 402.4 trillion as DKE Fund which is stated in RAPBN (proposed annual state budget plan)</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/P	N/P	N/P	N/P
<b>Information sources/link</b>	Setiawan, 2025			

## RE. 17: Acceleration of renewable energy development

<b>Support measure classification</b>	Regulatory, fiscal support, and procurement incentives		<b>Support measure sub-mechanism</b>	Market price regulation and procurement incentives
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support).			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>		
<b>Support measure name/designation</b>	Acceleration of Renewable Energy Development			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 112/2022			
<b>Policy objective(s)</b>	To attract renewable energy investment in Indonesia and accelerate RE growth in Indonesia			
<b>Beneficiary/end recipient(s) of support measure</b>	IPPs/Producers			
<b>Time period/frequency of support measure</b>	2022-ongoing			
<b>Background/definition</b>	PR 112/2022 mandates (1) a ban on new coal power plants (with exceptions), (2) changed basis of renewable energy tariff from benchmarking against coal/PLN BPP to a ceiling tariff based on type and location, (3) streamlining procurement (direct selection/direct appointment), and (4) incentives for geothermal plants.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/P	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 112/2022			

## RE. 18: New guidelines for renewable electricity buying & selling

<b>Support measure classification</b>	Regulatory and fiscal support		<b>Support measure sub-mechanism</b>	Market regulation and procurement guidelines.
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support).			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>		
<b>Support measure name/designation</b>	New guidelines for renewable electricity buying & selling			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR No. 5/2025			
<b>Policy objective(s)</b>	Acceleration of renewable energy development			
<b>Beneficiary/end recipient(s) of support measure</b>	IPPs/producers			
<b>Time period/frequency of support measure</b>	2025-ongoing			
<b>Background/definition</b>	The regulation sets a legal framework for power purchase agreements for renewable energy plants, clarifies procedures and obligations, and aims to speed up investment by providing clear guidelines.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/P	N/P	N/P	N/P
<b>Information sources/link</b>	MEMR No. 5/2025			

## RE. 19: Fiscal support for early termination of coal power plants

<b>Support measure classification</b>	Regulatory and fiscal support		<b>Support measure sub-mechanism</b>	
<b>SDG 12.c.1 mechanism</b>				
<b>Stimulated activity</b>	Production	<b>Value chain link</b>		
<b>Support measure name/designation</b>	Fiscal support for early termination of coal power plants			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Minister of Finance Regulation No. 103/2023			
<b>Policy objective(s)</b>	Acceleration of renewable energy development			
<b>Beneficiary/end recipient(s) of support measure</b>	IPPs/Producers			
<b>Time period/frequency of support measure</b>	2023-ongoing			
<b>Background/definition</b>	<p>Ministry of Finance Regulation 103/2023 provides fiscal frameworks/incentives for early decommissioning of coal plants to accelerate energy transition; public funds can be used to compensate or cover costs of early retirement, facilitating the shift toward renewables.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/A	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/A	N/A
<b>Information sources/link</b>	Minister of Finance Regulation No. 103/2023			

## RE. 20: Government guarantees and risk taking for renewable energy

<b>Support measure classification</b>	Regulatory and fiscal support	<b>Support measure sub-mechanism</b>	
<b>SDG 12.c.1 mechanism</b>	Induced transfers		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	
<b>Support measure name/designation</b>	Government guarantees & risk taking for renewable energy		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	Minister of Finance Regulation No. 5/2025		
<b>Policy objective(s)</b>	Acceleration of renewable energy development		
<b>Beneficiary/end recipient(s) of support measure</b>	IPPs/Producers		
<b>Time period/frequency of support measure</b>	2025-ongoing		
<b>Background/definition</b>	<p>Ministry of Finance Regulation 5/2025 (issued Jan 21, 2025) sets guidelines for government guarantees for renewable power projects; government risk sharing and guarantees to cover certain project risks, easing financing.</p> <p>The measure cannot be estimated because the regulation has not been implemented during this period.</p>		
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P
<b>(USD million, nominal values)</b>	N/P	N/P	N/P
<b>Information sources/link</b>	Minister of Finance Regulation No. 5/2025		

## RE. 21: Import duty exemption for geothermal equipment

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Import duty exemption for geothermal equipment			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 17/2006 Ministry of Finance Regulation No. 176/PMK.011/2009			
<b>Policy objective(s)</b>	Reduce the cost of geothermal exploration			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2009-ongoing			
<b>Background/definition</b>	<p>This measure provides an exemption from import duties for goods and equipment used in geothermal activities, specifically for exploration, drilling, exploitation, and power generation. The policy is intended to reduce the upfront capital costs of geothermal projects, which are highly equipment-intensive and rely on specialized machinery often not available domestically.</p> <p>The exemption applies to a wide range of imported capital goods, including drilling rigs, turbines, generators, casing pipes, and other specialized tools required during the upstream exploration and exploitation phases. This incentive is particularly critical for geothermal projects, as exploration risk and high initial investment are major barriers to project development.</p> <p>Only 2021-2023 data were available to facilitate quantification from the Laporan Belanja Perpajakan (tax report) from the Ministry of Finance in 2023.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.37	0.17	0.15	N/A
<b>(USD million, nominal values)</b>	25.81	11.38	9.65	N/A
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Law No. 17/2006; Ministry of Finance Regulation No. 176/PMK.011/2009			

## RE. 22: Import duty exemption for geothermal development

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation	
<b>Support measure name/designation</b>	Government guarantees & risk taking for renewable energy			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 17/2006 Ministry of Finance Regulation No. 176/PMK.011/2009			
<b>Policy objective(s)</b>	Reduce the cost of geothermal exploration			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2009-ongoing			
<b>Background/definition</b>	<p>This policy grants exemptions from import duties for goods and equipment required during the development of geothermal projects. Many of the required machines, turbines, pipes, control systems, and other high-technology components are not produced domestically and must be imported.</p> <p>To lower these investment costs and attract private sector participation, the government exempts import duties on eligible goods used for geothermal development.</p> <p>By applying this exemption, the state effectively foregoes tariff revenues in order to support national energy development priorities. In World Trade Organization subsidy classification terms, this falls under the category of "government revenue foregone." The measure complements other fiscal and regulatory incentives, such as VAT exemptions and risk-sharing schemes, to encourage geothermal energy growth.</p> <p>Only 2021-2023 data were available to facilitate quantification from the Laporan Belanja Perpajakan (tax report) from Ministry of Finance in 2023.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.01	0.01	0.01	N/A
<b>(USD million, nominal values)</b>	0.70	0.67	0.66	N/A
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Law No. 17/2006; Ministry of Finance Regulation No. 176/PMK.011/2009			

## RE. 23: 100% reduction on land and building tax (PBB) during geothermal exploration

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	100% reduction on land and building tax (PBB) during geothermal exploration			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Minister of Finance Regulation No. 172/PMK.010/2016			
<b>Policy objective(s)</b>	Reduce the cost of geothermal exploration			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2016-ongoing			
<b>Background/definition</b>	<p>This incentive provides a full (100%) reduction of PBB for companies engaged in geothermal exploration activities. The rationale behind this policy is to alleviate the financial burden on geothermal developers during the early stage of project development, when costs are high, but revenues have not yet been generated.</p> <p>Unlike the development or production stages, exploration does not generate income to offset these costs. Therefore, imposing land and building taxes on geothermal concession areas during exploration would create an additional financial obstacle and discourage investment.</p> <p>Only 2021-2023 data were available to facilitate quantification from the Laporan Belanja Perpajakan (tax report) from the Ministry of Finance in 2023.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.02	0.01	0.01	N/A
<b>(USD million, nominal values)</b>	1.26	0.88	0.59	N/A
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Minister of Finance Regulation No. 172/PMK.010/2016			

**RE. 24: Income tax borne by government–geothermal (Pajak Penghasilan Ditanggung Pemerintah/PPH DTP Panas Bumi)**

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Exploration, access, and appraisal	
<b>Support measure name/designation</b>	Income tax borne by government–geothermal (PPH DTP Panas Bumi)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 179/PMK.011/2013			
<b>Policy objective(s)</b>	Reduce the cost of geothermal exploration			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2013–ongoing			
<b>Background/definition</b>	Government bears income tax attributable to geothermal operations (recognized as tax subsidy; realized amounts).			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	2.40	3.21	3.48	2.97
<b>(USD million, nominal values)</b>	168.03	216.32	228.27	187.36
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Ministry of Finance, 2025; Ministry of Finance Regulation No. 179/PMK.011/2013			

# Annex E. Biofuel Support Measures

## Bl. 1: Price support for biodiesel producers

<b>Support measure classification</b>	Income or price support	<b>Support measure sub-mechanism</b>	Market price support and regulation
<b>SDG 12.c.1 mechanism</b>	Induced transfers (price support)		
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	Price support to biodiesel producers		
<b>Jurisdiction</b>	Central Government		
<b>Legislation/endorsing organization</b>	<p>Law No. 39 Year 2014 on Plantation; Clause 93 on the collection of Crude Palm Oil Supporting Fund (CSF) from oil palm plantation companies.</p> <p>Government Regulation No. 79 Year 2014 on National Energy Policy—targeted biodiesel-blending of 30% for transportation without public service obligation by 2025.</p> <p>Presidential Regulation No. 61 Year 2015, then revised through the Presidential Regulation No. 24 Year 2016 on the collection and use of CSF.</p> <p>MEMR Regulation. 26 Year 2016 on the Supply and Use of Biodiesel for financing by the Indonesian Palm Oil Plantation Fund Management Agency (BPDPKS).</p> <p>Ministry of Finance Regulation No. 113/PMK.01/2015 dated 11 June 2015 on the Establishment of BPDPKS.</p> <p>Ministry of Finance Regulation PMK No. 76/PMK 05/2021 on Second Amendment to PMK No. 57/PMK 05/2020 concerning Service Tariffs for Public Service Agency of Indonesian Oil Palm Exports.</p>		
<b>Policy objective(s)</b>	To reduce the imports of diesel/fuel oil, while raising domestic demand for crude palm oil to benefit palm oil growers, including smallholders		
<b>Beneficiary/end recipient(s) of support measure</b>	Producers		
<b>Time period/frequency of support measure</b>	<p>Presidential Instruction No 1 Year 2006: Supply and Utilization of Biofuel 2006: First use of biodiesel by Pertamina</p> <p>2008: MEMR Decree No. 32/2008 on Supply, Utilization and Trading Procedure of Biofuel as Alternative Fuel: First mandatory blending of biodiesel</p> <p>2010–2017: Public Service Obligation biodiesel-blending targets for transportation</p> <p>2013: MEMR Decree No. 25/2013</p> <p>B15 Program: April–December 2015</p> <p>B20 Mandatory Program: 2016–2019; 2018–2019 (MEMR Decree No. 41 Year 2018 No. 45 Year 2018)</p>		

B30 Mandatory Program: 2020 until now				
<b>Background/definition</b>	<p>The Government of Indonesia compensates biodiesel producers for the difference in market price between diesel fuel and biodiesel to reduce the price of biodiesel and increase its competitiveness. Funding for this compensation comes from the CSF, which is funded by an export levy on crude palm oil exports. The CSF is managed by the BPDPKS, which was established in 2015. The CSF supports sustainable palm oil activities, including the biofuel program.</p> <p>The compensation is based on and reflects only the estimate of the price gap between the cost of biofuels (purchase price) and the selling price. The price of biodiesel is adjusted periodically based on the market price for crude palm oil, which results in fluctuating revenues and expenses of the CSF.</p> <p>The regulation changes every year. In LKPP, the term used is "Expenses for the Management of Palm Oil Estate Fund," categorized under Expenses of Public Service Agency. Since 2024, the levy has been nonprogressive. The agency was changed into the Estate Fund Management Agency in 2024. The agency subsidizes biofuel producers (mostly big companies such as Wilmar) every year. The biodiesel subsidy (the difference between the solar market index price or Harga Indeks Pasar and the biodiesel market index price) is part of the total annual levy transferred to the agency. Assumption: 100% is categorized as subsidy (including for biodiesel price subsidy, R&amp;D, management fee, smallholders estate revitalization, program promotion, human resources development, infrastructure, seeds/pesticides/fertilizers, etc).</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	53.51	36.16	20.75	25.76
<b>(USD million, nominal values)</b>	3,745.63	2,433.84	1,363.19	1,625.46
<b>Information sources/link</b>	Ministry of Finance, various dates; Government Regulation No. 79/2014; Law No. 39/2014; MEMR Regulation. No. 26/2016; Ministry of Finance Regulation No. 113/PMK.01/2015; Ministry of Finance Regulation PMK No. 76/PMK 05/2021; Presidential Regulation No. 24/2016			

## BI. 2: Smallholder credit interest support

<b>Support measure classification</b>	Direct and indirect transfer of funds and liabilities		<b>Support measure sub-mechanism</b>	Credit support
<b>SDG 12.c.1 mechanism</b>	Direct transfer of government funds			
<b>Stimulated activity</b>	Production		<b>Value chain link</b>	Development, extraction, and preparation
<b>Support measure name/designation</b>	Smallholder credit interest support			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	<p>Presidential Instruction No. 1 Year 2006 on Supply and Utilization of Biofuel as an Alternative Fuel</p> <p>Ministry of Finance Regulation No. 117/PMK.06/2006 on Credits for Biofuel Development and Plantation Revitalization</p>			
<b>Policy objective(s)</b>	To stimulate the production of palm oil for biofuel grown by smallholder palm oil farmers and plantations			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2006-ongoing			
<b>Background/definition</b>	<p>This credit interest support measure is targeted at smallholder palm oil farmers and plantations. It is comprised of two programs: i) plantation development and ii) plantation revitalization. Under this support measure, the government pays the difference between the market interest rate and the interest paid by the smallholders, including eligible farmers.</p> <p>The Ministry of Finance allocates the credit interest subsidies in the state budget plan based on the annual programs and budget proposed by the Ministry of Agriculture.</p> <p>No official data from 2023-2024 in LKPP, though the program is still ongoing.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.01	0.02	N/A	N/A
<b>(USD million, nominal values)</b>	0.90	1.10	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance (various dates); Ministry of Finance Regulation No. 117/PMK.06/2006; Presidential Instruction No. 1 Year 2006			

# Annex F. EV and Battery Support Measures

## EV. 1: Acceleration of battery EV program

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production and consumption	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Acceleration of battery EV program			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019			
<b>Policy objective(s)</b>	To provide direction, foundation, and legal certainty regarding EV production and consumption			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers and consumers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	<p>This support measure is based on existing incentives for pioneer industries regulated since 2015 and the subsequent regulations on EVs issued after 2019.</p> <p>Presidential Regulation No. 55/2019 is the umbrella regulation for policy planning on EV production and consumption in the country, including the policy supports to accelerate Indonesia's vision to become the production and export centre of battery-powered EVs in the region.</p> <p>In addition to regulating various incentives to develop the EV industry and stimulate investment, this regulation also sets local-component requirements on a phased approach, from 40% local components by 2019 to 80% by 2026 and beyond.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 55/2019			

## EV. 2: Zero luxury tax for battery-powered EVs

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Zero luxury tax for battery-powered EVs.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 73 Year 2019 Government Regulation No. 74 Year 2021			
<b>Policy objective(s)</b>	To provide incentives for low-emission vehicles regardless of the engine capacity			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2019-ongoing (all types of EV) 2021-ongoing (battery EV)			
<b>Background/definition</b>	<p>In 2019, all types of EVs, including hybrid, were subject to a 15% luxury tax. Starting in 2021, only full battery EVs (not hybrids) are exempted from luxury tax. After the regulation was amended in 2021, several motor vehicles experienced a significant drop in the sales price due to their economical fuel consumption, hence lower CO<sub>2</sub> emissions.</p> <p>Based on Government Regulation No. 73/2019, incentives given for EVs were estimated by using a 20% tariff of the off-the-road price of internal combustion vehicles and EV sales data from Gaikindo. The following data is based on internal calculations using EV sales data.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	0.03	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	1.81	N/A	N/A	N/A
<b>Information sources/link</b>	2021 EV prices data: Dananjaya et al., 2021 (EV producer website); 2021 EV sales data: Fikriansyah, 2022; Government Regulation No. 73 Year 2019; Government Regulation No. 74 Year 2021			

### EV. 3: Vehicle tax and title transfer fee exemption

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	EV sales fee exemption on vehicle tax and title transfer.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Law No. 1/2022 Presidential Regulation No. 55/2019			
<b>Policy objective(s)</b>	To reduce the sale price of EVs and encourage more consumers to purchase EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>Article 7 on Vehicle Tax and Article 12 on Title Transfer Fee mandate the provincial governments to exempt the vehicle tax and title transfer fee of several types of vehicles, including battery-powered EVs, to reduce the sale price of EVs and encourage more consumers to purchase EVs.</p> <p>The Presidential Regulation No. 55 Year 2019 already mandated the exemption of vehicle taxes for EVs. However, vehicle taxes and title transfer fees are under the domain of provincial governments. In 2020, only the Province of DKI Jakarta issued an exemption for EVs from vehicle taxes. In January 2022, the parliament passed Law No. 1 Year 2022, which has specific clauses applicable to EVs.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Law No. 1/2022; Presidential Regulation No. 55/2019			

#### EV. 4: 0% Down payment for EV purchase

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	0% down payment for the purchase of EVs.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Bank of Indonesia Regulation No. 22/13/PBI/2020			
<b>Policy objective(s)</b>	To encourage more sales of EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>The Bank of Indonesia provides a facility of a smaller down payment (0%) to be given to consumers who purchase EVs through credit/financing by banks that meet certain prudential requirements (less than 5% non-performing loans ratio).</p> <p>The Bank of Indonesia also stipulates changes in providing a smaller down payment for the credits of environmentally friendly vehicles.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Bank of Indonesia Regulation No. 22/13/PBI/2020			

## EV. 5: Proposed concessional Good and Services Tax (GST) on EVs

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Proposed concessional GST on the purchase of EVs			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019			
<b>Policy objective(s)</b>	To reduce the consumer price of EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>				
<b>Background/definition</b>	<p>The concessional GST is necessary to reduce the consumer price of EVs. The market price of EVs is still considered high for most Indonesians. Once domestic production begins, Indonesia needs to absorb the products. Further incentives, such as the concessional GST, will help increase EV adoption.</p> <p>The Presidential Regulation No. 55 Year 2019 mentions several incentive measures to be given to EV producers as well as consumers. Existing incentives, include exemption of luxury tax, vehicle tax, and transfer title fees, have been regulated. The concessional GST will make EVs more affordable for consumers.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	CNN Indonesia, 2021; Presidential Regulation No. 55/2019			

## EV. 6: Corporate income tax holiday for pioneer industries

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Corporate income tax holiday for pioneer industries.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Minister of Finance Regulation No. 130/PMK.010/2020			
<b>Policy objective(s)</b>	To attract direct investment in industries that have emerging features/pioneer industries			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>The CIT holiday is an attempt by the Government to provide legal certainty and ease of doing business in Indonesia, especially for strategic and pioneer industries, including EVs. This facility has been available since 2015 for companies investing in strategic emerging activities that have a minimum investment value of IDR 500 million. The 2015 regulation was improved twice before the recent one in 2020.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Minister of Finance Regulation No. 130/PMK.010/2020			

## EV. 7: Income tax allowance for investment in certain sectors and certain regions

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Income tax allowance for investment in certain sectors and certain regions			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 18/2015 Government Regulation No. 9/2016 on Income Tax Facilities for Investment in Certain Sectors or Certain Regions			
<b>Policy objective(s)</b>	To attract more investments in certain sectors and certain regions to achieve accelerated, equitable development To accelerate job creation as mandated by the 2015–2019 medium-term National Development Plan			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2016–ongoing			
<b>Background/definition</b>	This policy is intended to attract investments in strategic sectors such as agriculture, forestry, food, fisheries, textiles, clothing, leather, chemicals, energy, vehicles and many others in provinces outside Java. This regulation is applicable to vehicle production and battery production. This regulation is applicable to EVs in the context of vehicles as a strategic sector. No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 18/2015, No. 9/2016			

## EV. 8: Import duty exemption for industrial activities and investment

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Infrastructure and equipment	
<b>Support measure name/designation</b>	Import duty exemption (borne by the government) for machinery, goods, and materials for industrial construction and development for the purpose of investment.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019 Minister of Finance Regulation No. 188/PMK.010/2015			
<b>Policy objective(s)</b>	To provide legal certainty and ease of doing business and investment To encourage construction and development of industrial activities			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	This policy is intended to encourage the construction and development of industrial activities if an import duty exemption is deemed necessary. This facility is valid for 2 years after the import duty exemption decision has been made. EV and battery production are eligible for this exemption.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Minister of Finance Regulation No. 188/PMK.010/2015; Presidential Regulation No. 55/2019			

## EV. 9: Pioneer corporate income tax facilities for the purpose of new investment

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Cross-cutting through the value chain	
<b>Support measure name/designation</b>	Corporate income tax facilities (exemption or reduction) for companies making new investments in pioneer industries			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 45/ 2019			
<b>Policy objective(s)</b>	To encourage investment in labour-intensive industries, promote job creation and absorption, and drive the participation of business and industry in preparing high-quality human resources, increasing competitiveness, and enhancing the role of industry in R&D			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2010-ongoing			
<b>Background/definition</b>	<p>Corporations that make new investments in areas that are categorized as pioneer industries that have not received facilities mentioned in Article 31A of the Law of Income Tax (net income reduction of a maximum 30% of investment value), can be eligible for exemption or reduction of income tax. The facilities include net income tax reduction, accelerated depreciation/amortization, low income tax on dividends paid to foreign taxpayers, and compensation for losses.</p> <p>A pioneer industry is defined as an industry that has high relevance, high value-added and high externality, introduces new technology, and has strategic value for the national economy. EV and battery production fall under this category.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 45 Year 2019			

## EV. 10: Pioneer R&D super tax deduction

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Research	
<b>Support measure name/designation</b>	Super tax deduction for R&D			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019 Government Regulation No. 45/ 2019 Ministry of Finance Regulation No. 153/PMK.010/2020			
<b>Policy objective(s)</b>	To provide incentives for certain R&D activities in Indonesia			
<b>Beneficiary/end recipient(s) of support measure</b>	Producers			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>As also mandated by the Government Regulation No. 55 Year 2019, R&amp;D activities are among the beneficiaries of fiscal and non-fiscal incentives for the acceleration of the EV ecosystem in Indonesia.</p> <p>Taxpayers involved in R&amp;D activities can be eligible for a gross income reduction of a maximum of 300% of the total costs of certain R&amp;D activities in Indonesia for a certain amount of time. This facility will be applicable for R&amp;D activities in the EV and battery industry.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 45/ 2019; Ministry of Finance Regulation No. 153/PMK.010/2020; Presidential Regulation No. 55/2019			

## EV. 11: Reduced electricity tariff for EV charging

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	30% lower electricity tariff for EV charging from 10:00 p.m. to 5:00 a.m.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019 Decision of PLN			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>In general, the electricity tariff is not burdensome for most people in the middle class, who can afford EVs at current prices. However, with the same amount of money, people can buy internal combustion engine cars that are probably considered more luxurious. To further incentivize EV owners, a reduction in tariff is given to EV owners for EV charging at certain times.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 55/2019			

## EV. 12: Discount on electricity installation and upgrade (PLN)

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Wattage upgrade fee waiver of 100% for EV owners. Calculated with an assumption of average cost of IDR 7,945,500 per customer.			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Decision of PLN Presidential Regulation No. 55 Year 2019 on Acceleration of Battery EV Program			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	The costs of a wattage upgrade from one tariff class to a higher one vary depending on the tariff classes. For example, an upgrade from the 4,400 kVa class to 11,000 kVa costs IDR 8 million. A discount of almost 100% of the upgrade cost will give EV owners quite beneficial incentives.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Regulation No. 55/2019			

### EV. 13: Value added tax (VAT) borne by the government on the delivery of certain four-wheeled battery electric vehicles and certain battery electric buses

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	VAT borne by the government on the delivery of certain four-wheeled battery electric vehicles and certain battery electric buses			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No.38/PMK.03/2023			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2023-ongoing			
<b>Background/definition</b>	Under this scheme, the 11% VAT is still legally imposed but covered by the government using the state budget. This incentive is typically time-bound and conditional—often linked to local content requirements (TKDN) or specific procurement programs. It reduces upfront costs for buyers and supports broader adoption, especially in public transport and fleet conversion contexts.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	0.51	0.90
<b>(USD million, nominal values)</b>	N/P	N/P	32.86	56.79
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Ministry of Finance Regulation No.38/PMK.03/2023			

## EV. 14: 0% luxury goods sales tax for electric vehicles

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	0% luxury goods sales tax for electric vehicles			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 74/2021 Ministry of Finance Regulation No. 42 /PMK.010/2022			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	Regulatory exemption that sets the PPnBM rate to 0% for eligible battery electric vehicles (BEVs). This means the tax is legally waived. It typically applies to locally assembled EVs that meet TKDN thresholds, such as the Hyundai Ioniq 5 and Wuling Air EV. Because the tax is not imposed at all, this measure directly lowers the retail price and simplifies compliance for manufacturers and dealers.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	0.41	0.90	1.28
<b>(USD million, nominal values)</b>	N/A	25.93	58.31	80.68
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Government Regulation No. 74/2021; Ministry of Finance Regulation No. 42 /PMK.010/2022			

**EV. 15: Luxury goods sales tax borne by the government on the import and/or delivery of certain luxury taxable goods in the form of four-wheeled battery electric vehicles**

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Luxury goods sales tax borne by the government on the import and/or delivery of certain luxury taxable goods in the form of four-wheeled battery electric vehicles			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 9/2024 Ministry of Investment and Downstream Industry Regulation No. 6/2023			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2023-ongoing			
<b>Background/definition</b>	The government bears the cost of the PPnBM for certain imported or premium BEVs. Unlike the 0% PPnBM exemption, this tax is still legally imposed and recorded, but the government pays it on behalf of the buyer. It applies to models that do not qualify for the exemption—such as the Toyota bZ4X, BMW iX, or Mercedes EQS—and is typically implemented through temporary budget allocations. This measure helps level the playing field for imported EVs while maintaining fiscal traceability.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/A	2.52
<b>(USD million, nominal values)</b>	N/P	N/P	N/A	158.58
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Ministry of Finance Regulation No. 9/2024; Ministry of Investment and Downstream Industry Regulation No. 6/2023			

## EV. 16: 0% import duty on the importation of certain four-wheeled battery electric motor vehicles

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	0% import duty on the importation of certain four-wheeled battery electric motor vehicles			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 79/2023 Ministry of Finance Regulation No. 10/2024 Ministry of Investment and Downstream Industry Regulation No. 6/2023			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2023-2025			
<b>Background/definition</b>	<p>0% import duty for EVs under specific codes. It applies to:</p> <ol style="list-style-type: none"> <li>1. Completely built up (CBU) EVs imported into Indonesia</li> <li>2. Completely knocked down (CKD) EVs assembled locally</li> <li>3. Vehicles must be battery-powered and four-wheeled.</li> </ol> <p>Conditions are the same as for the luxury tax exemptions. Manufacturers or importers must commit to producing four-wheeled BEVs in Indonesia by no later than January 1, 2026, and meet the local content (TKDN) requirement as outlined in Presidential Regulation No. 79/2023. Failure to meet this production deadline will be sanctioned by paying the equal value of the incentives already utilized (e.g., import duty exemptions, PPnBM relief).</p> <p>This exemption is valid until December 31, 2025, and governed by Ministry of Finance Regulation No. 10/2024 and Ministry of Investment Regulation No. 6/2023.</p> <p>Estimated amount reflects only the top six selling EVs in Indonesia in 2024.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/A	5.59
<b>(USD million, nominal values)</b>	N/P	N/P	N/A	352.39
<b>Information sources/link</b>	Fiscal Policy Agency, 2023; Ministry of Finance Regulation No. 10/2024; Ministry of Investment and Downstream Industry Regulation No. 6/2023; Presidential Regulation No. 79/2023			

**EV. 17: Import duty exemption–Import of goods for the battery electric vehicle (BEV) industry (components and machinery)**

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	Import duty exemption–Import of goods for the battery electric vehicle (BEV) industry (components and machinery)			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019 Ministry of Finance Regulation No. 188/PMK.O10/2015			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2015-ongoing			
<b>Background/definition</b>	<p>This incentive provides a 0% import duty specifically for the import of machinery, equipment, and components used to build or develop domestic BEV manufacturing capacity. It applies only to industrial inputs (e.g., production machinery, battery packs, drivetrains, parts for local assembly) and not to fully built CBU vehicles.</p> <p>This facility has existed since PMK 188/2015 and GR 12/2020 which were designed to support the establishment of EV manufacturing plants in Indonesia, in line with Presidential Regulation 55/2019.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 188/PMK.O10/2015; Presidential Regulation No. 55/2019			

## EV. 18: EV purchase subsidy for two-wheelers

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	EV purchase subsidy for two-wheelers			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 10/2024 Ministry of Investment and Downstream Industry Regulation No. 6/2023			
<b>Policy objective(s)</b>	To encourage consumers to switch to EVs			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumers			
<b>Time period/frequency of support measure</b>	2024. However, it appears to have been discontinued in 2025, as it is no longer budgeted in the APBN 2025, most likely due to very low uptake.			
<b>Background/definition</b>	Offers a direct subsidy of IDR 7 million (~USD 429) per unit for electric motorcycle purchases or conversions. Applies to both individual buyers and fleet operators. Manufacturers must be registered and meet TKDN thresholds.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/P	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/P	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 10/2024; Ministry of Investment and Downstream Industry Regulation No. 6/2023			

## EV. 19: Tax holiday and mini tax holiday

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	Tax holiday and mini tax holiday			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Finance Regulation No. 69/PMK.010/2024 Ministry of Investment Regulation No. 7/2020			
<b>Policy objective(s)</b>	To enhance investment in EV ecosystem manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>Provides full CIT exemption for 5-20 years depending on investment size and strategic sector classification. Available to companies investing in EV manufacturing, battery production, and charging infrastructure. Must apply via One Single Submission (OSS) and obtain Ministry of Investment and Downstream Industry and Ministry of Finance approval.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of Finance Regulation No. 69/PMK.010/2024; Ministry of Investment Regulation No. 7/2020			

## EV. 20: 30% net income deduction for companies in priority sectors including EVs and batteries

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	30% net income deduction for companies in priority sectors including EVs and batteries			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 78/2019			
<b>Policy objective(s)</b>	To enhance investment in EV ecosystem manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2019-ongoing			
<b>Background/definition</b>	Offers a 30% net income deduction over 6 years, accelerated depreciation, and extended loss carry forward. Available to companies in priority sectors including EVs and batteries. Requires BKPM approval and OSS registration.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 78/2019			

## EV. 21: Capital investment incentive for strategic EV-related investments

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	Capital investment incentive for strategic EV-related investments			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Investment and Downstream Industry Regulation No. 6/2023			
<b>Policy objective(s)</b>	To enhance investment in EV ecosystem manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2023-2025			
<b>Background/definition</b>	<p>Provides additional fiscal and non-fiscal support for strategic EV-related investments. Fiscal incentives include import duty exemptions for machinery and raw materials, VAT relief, and income tax deductions. Non-fiscal support includes expedited licensing, land access, and infrastructure facilitation. Eligible investors must commit to local production and submit proposals via OSS.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	N/A	N/A
<b>(USD million, nominal values)</b>	N/P	N/P	N/A	N/A
<b>Information sources/link</b>	Ministry of Investment and Downstream Industry Regulation No. 6/2023			

## EV. 22: Incentives for building charging infrastructure

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	Incentives for building charging infrastructure			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	MEMR No. 13/2020			
<b>Policy objective(s)</b>	To enhance coverage of charging infrastructure			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2020-ongoing			
<b>Background/definition</b>	<p>Establishes licensing, tariff, and technical standards for public and private EV charging stations. Offers fiscal incentives for developers, including VAT exemptions and accelerated permitting. PLN and private operators are eligible.</p> <p>No estimates are provided because official data availability for this measure is limited.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	MEMR Regulation No. 13/2020			

## EV. 23: Government fleet electrification

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	Government fleet electrification			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Instruction No. 7/2022			
<b>Policy objective(s)</b>	To enhance investment in BEV local manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2022-ongoing			
<b>Background/definition</b>	Mandates government agencies to procure BEVs for official use. Sets annual targets and prioritizes domestic manufacturers. Acts as a demand anchor for local industry.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Presidential Instruction No. 7/2022			

## EV. 24: 2 wheelers conversion program

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Consumption	<b>Value chain link</b>	Consumers (various consumers directly)	
<b>Support measure name/designation</b>	2-wheelers conversion program			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Ministry of Industry Regulation No. 6/2023 MEMR No. 13/2023			
<b>Policy objective(s)</b>	To enhance investment in BEV local manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Consumer			
<b>Time period/frequency of support measure</b>	2023. However, it appears to be discontinued in 2025, as it is no longer budgeted in the APBN 2025, most likely due to very low uptake.			
<b>Background/definition</b>	<p>Government Subsidy for EV Motorcycle (2-Wheeler) Conversion</p> <p>Indonesia provides a direct government subsidy to support the conversion of existing internal combustion motorcycles into battery electric motorcycles as part of its national EV adoption strategy.</p> <p>The subsidy amount was initially IDR 7,000,000 per unit when the program began in March 2023, under Ministry of Industry Regulation No. 6/2023. It was increased to IDR 10,000,000 per unit starting late 2023, via MEMR Regulation No. 13/2023, which amended MEMR Regulation No. 3/2023.</p> <p>The subsidy is paid directly to certified conversion workshops, not individuals. It is designed to reduce the upfront cost barrier and accelerate conversion of Indonesia's massive existing motorcycle fleet, targeting air pollution reduction, fuel import savings, and domestic EV ecosystem growth.</p>			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/P	N/P	0.0025	0.0026
<b>(USD million, nominal values)</b>	N/P	N/P	0.16	0.17
<b>Information sources/link</b>	MEMR No. 13/2023; Ministry of Industry Regulation No. 6/2023			

## EV25. 1: Tax holiday for smelters and refiners

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	Tax holiday for smelters and refiners			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Government Regulation No. 78/2019 Ministry of Finance Regulation No. 130/PMK.010/2020 Ministry of Investment and Downstream Industry Regulation No. 5/2021			
<b>Policy objective(s)</b>	To enhance investment in BEV local manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	Full CIT exemption for up to 20 years for strategic upstream investments (e.g., nickel refining, precursor production). Requires OSS registration and BKPM approval.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Government Regulation No. 78/2019; Ministry of Finance Regulation No. 130/PMK.010/2020; Ministry of Investment and Downstream Industry Regulation No. 5/2021			

## EV26. 1: Indonesia Battery Corporation (IBC) facilitation role

<b>Support measure classification</b>	Government revenue foregone	<b>Support measure sub-mechanism</b>	Tax breaks and special taxes	
<b>SDG 12.c.1 mechanism</b>	Tax expenditure, other revenue foregone, and under-pricing of goods and services			
<b>Stimulated activity</b>	Production	<b>Value chain link</b>	Producer/manufacturer	
<b>Support measure name/designation</b>	IBC facilitation role			
<b>Jurisdiction</b>	Central Government			
<b>Legislation/endorsing organization</b>	Presidential Regulation No. 55/2019 Ministry of State-Owned Enterprises Regulation No. PER-1/MBU/03/2023 Ministry of State-Owned Enterprises Decree No. SK-6/MBU/01/2021			
<b>Policy objective(s)</b>	To enhance investment in BEV local manufacturing industry			
<b>Beneficiary/end recipient(s) of support measure</b>	Producer/manufacturer			
<b>Time period/frequency of support measure</b>	2021-ongoing			
<b>Background/definition</b>	IBC acts as a state-owned integrator across the battery value chain. It facilitates partnerships, land acquisition, and technology transfer for upstream projects.  No estimates are provided because official data availability for this measure is limited.			
<b>Amount of support measure</b>	FY 2021	FY 2022	FY 2023	FY 2024
<b>(IDR trillion, nominal values)</b>	N/A	N/A	N/A	N/A
<b>(USD million, nominal values)</b>	N/A	N/A	N/A	N/A
<b>Information sources/link</b>	Ministry of State-Owned Enterprises Regulation No. PER-1/MBU/03/2023; Ministry of State-Owned Enterprises Decree No. SK-6/MBU/01/2021; Presidential Regulation No. 55/2019			

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