

**REGULATION OF THE MINISTER OF FINANCE NUMBER 24/PMK.011/2010
REGARDING GOVERNMENT-BORNE VALUE ADDED TAX
ON THE IMPORT OF GOODS FOR THE NEED OF
UPSTREAM OIL AND NATURAL GAS EXPLORATION BUSINESS-ACTIVITIES
AS WELL AS GEOTHERMAL EXPLORATION BUSINESS-ACTIVITIES
IN FISCAL YEAR 2010
BY GRACE OF GOD THE ALMIGHTY THE MINISTER OF FINANCE**

Considering:

- a. that in the framework of driving up national oil and natural gas as well as geothermal production, it's necessary to grant fiscal incentives to upstream oil and natural gas exploration business activities as well as geothermal exploration business activities;
- b. that having regards to letter a and in the framework of implementing the provision of Article 3 paragraph (2) letter b of Law Number 47 Year 2009 regarding the State Budget of Revenue and Expenditure 2010, it's necessary to stipulate a regulation of the Minister of Finance regarding Government-Borne Value Added Tax on the Import of Goods for the Need of Upstream Oil and Natural Gas Exploration Business Activities as well as Geothermal Exploration Business Activities in Fiscal Year 2010;

In view of:

1. Law Number 17 Year 2003 regarding State Finance (Statute Book of the Republic of Indonesia Year 2003 Number 47, Supplement to Statute Book of the Republic of Indonesia Number 4286);
2. Law Number 1 Year 2004 regarding State Treasury (Statute Book of the Republic of Indonesia Year 2004 Number 5, Supplement to Statute Book of the Republic of Indonesia Number 4355);
3. Law Number 47 Year 2009 regarding the State Budget of Revenue and Expenditure 2010 (Statute Book of the Republic of Indonesia Year 2009 Number 156, Supplement to Statute Book of the Republic of Indonesia Number 5075);
4. Presidential Decree Number 84/P Year 2009;

DECIDES:

To stipulate:

THE REGULATION OF THE MINISTER OF FINANCE REGARDING GOVERNMENT-BORNE VALUE ADDED TAX ON THE IMPORT OF GOODS FOR THE NEED OF UPSTREAM OIL AND NATURAL GAS EXPLORATION BUSINESS-ACTIVITIES AS WELL AS GEOTHERMAL EXPLORATION BUSINESS-ACTIVITIES IN FISCAL YEAR 2010

Article 1

- (1) The government shall bear Value Added Tax on the import of goods used by companies in the field of upstream oil and natural gas business activities and geothermal business activities for the need of upstream oil and natural gas exploration business activities as well as geothermal exploration business activities;
- (2) The government-borne value added tax as referred to in paragraph (1) shall be given a budget ceiling as set forth in Law Number 47 Year 2009 regarding the State Budget of Revenue and Expenditure 2010 along with revision thereof.

Article 2

- (1) The government-borne value added tax as referred to in paragraph (1) shall be granted to goods decidedly used for the need of upstream oil and natural gas exploration business activities as well as geothermal exploration business activities with the provision as follows:
 - a. the goods have not been produced in the country;
 - b. the goods have been produced in the country but have not complied with the required specification; or
 - c. the goods have been produced in the country but the quantity thereof has not been sufficient to the need of the industry.
- (2) The upstream oil and natural gas exploration business activities as referred to in paragraph (1) shall be activities intended to collect information about geological condition to find and estimate oil and natural gas reserves in the stipulated areas.

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

Article 3

The companies as referred to in Article 1 paragraph (1) shall cover:

- a. Companies operating in the field of upstream oil and natural gas business activities that sign cooperation contracts with the Government of the Republic of Indonesia following the enforcement of Law Number 22 Year 2001 regarding Oil and Natural Gas.
- b. Companies operating in the field of geothermal business activities that have signed contracts with the Government of the Republic of Indonesia or have secured Geothermal Mining Business License after December 31, 1994 or companies in the geothermal field that secure assignment from the Government of the Republic of Indonesia to undertake preliminary survey.

Article 4

The goods as referred to in Article 1 paragraph (1) shall be goods mentioned in Import Declaration already securing registration number from Customs and Excise Supervisory Offices or Primary Customs and Excise Service Offices overseeing ports of entry as from the date of enforcement of this regulation.

Article 5

- (1) Every application for securing the government-borne value added tax on the import of goods used for the need of upstream oil and natural gas exploration business activities as referred to in Article 2 paragraph (2) shall be submitted to the Director General of Customs and Excise, accompanied by Import Plan of Goods (RIB) already approved and legalized by the Director General of Oil and Geothermal, Ministry of Energy and Mineral Resources, by observing the provision as referred to in Article 2 paragraph (1).
- (2) Every application for securing the government-borne value added tax on the import of goods used for the need of geothermal exploration business activities as referred to in Article 2 paragraph (3) shall be submitted to the Director General of Customs and Excise, accompanied by Import Plan of Goods (RIB) already approved and legalized by the Director General of Minerals, Coal and Geothermal, Ministry of Energy and Mineral Resources, by observing the provision as referred to in Article 2 paragraph (1).
- (3) RIB as referred to in paragraphs (1) and (2) shall contain at least elements of the following data:
 - a. No. and date of RIB;
 - b. Name of contractor;
 - c. Taxpayer Code Number (NPWP);
 - d. Address;
 - e. Contract base;
 - f. Contract Area;
 - g. Customs Office Overseeing the Import of Goods;
 - h. Tariff Heading;
 - i. Description of Goods;
 - j. Country of Origin of Goods;
 - k. Total/Unit of Goods;
 - l. Estimated Price/Import Value;
 - m. Kinds of activities (exploration or exploitation); and
 - n. Executive of contractor.
- (4) The application as referred to in paragraph (1) or paragraph (2) shall be submitted in one RIB at the same time as the moment of submission of application for the exemption from import duty as referred to in Regulation of the Minister of Finance Number 177/PMK.011/2007 regarding the Exemption from Import Duty on the Import of Goods for the Need of Upstream Oil and Natural Gas as well as Geothermal Business Activities along with amendments thereto.

Article 6

- (1) After receiving the document as referred to in Article 5, the Directorate General of Customs and Excise shall later put seal "GOVERNMENT-BORNE VAT EX PMK 24/PMK.011 /2010" on all sheets of Customs Declaration of Import and Tax Payment Form.
- (2) The copy of RIB as referred to in Article 5 paragraphs(1) and (2) shall be made available to:
 - a. The Director General of Oil and Natural Gas, Ministry of Energy and Mineral Resources and the Head of the Executive Board of Upstream Oil and Natural Gas Business Activities, in the case of upstream oil and natural gas business activities; and
 - b. The Director General of Minerals, Coal and Geothermal, Ministry of Energy and Mineral Resources, in the case of geothermal business activities.
- (3) The Director General of Customs and Excise shall submit a list of the amount of government-borne value added tax every quarter to the Director General of Taxation in no later than the end of the ensuing month after the quarter expires.
- (4) Based on the document as referred to in paragraph (3), the Director General of Taxation shall submit a request for the issuance of Nil Payment Order (SPM) to the Director General of Budgetary Affairs.

Article 7

The Director General of Budgetary Affairs, Director General of Taxation, Director General of Customs and Excise and the Director General of Treasury shall be instructed to implement the provisions in this regulation.

Article 8

The regulation shall come into force as from the date of promulgation up to December 31,2010.

For public cognizance, the regulation shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On January 29, 2010
THE MINISTER OF FINANCE,
Sgd
SRI MULYANI INDRAWATI

Promulgated in Jakarta
On January 29, 2010
THE MINISTER OF LAW AND HUMAN RIGHTS,
Sgd
PATRIALIS AKBAR

[REGULATION: Ministerial Decree on Exemption of VAT on Exploration goods](#)

Source: Petromindo.Com