



Renewable Energy Investment in Indonesia

JAPAN RE INVEST INDONESIA

Renewable Energy Investment Forum

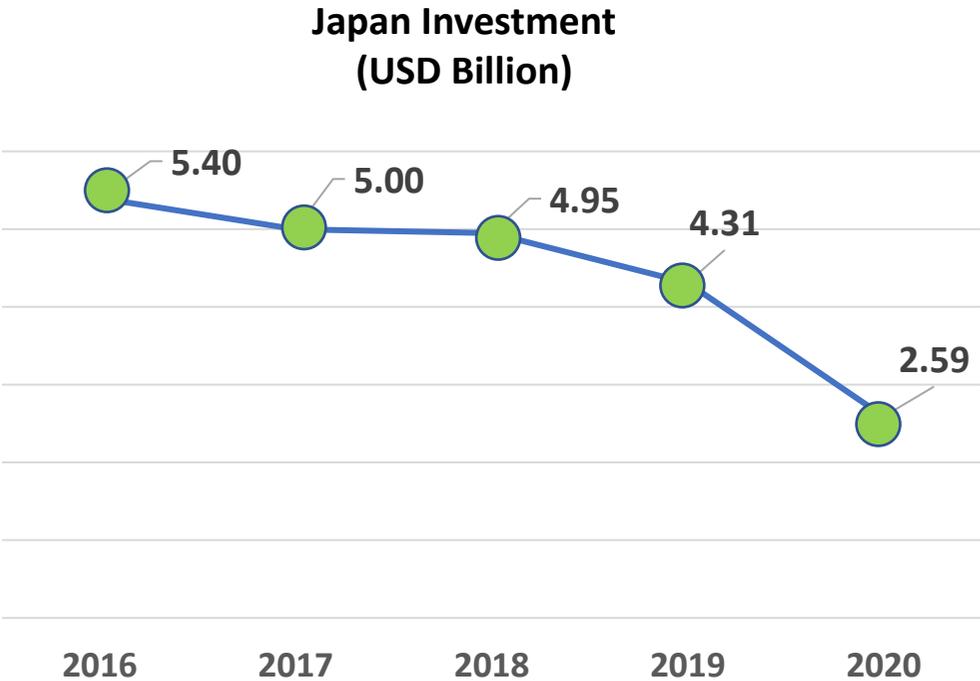
An International Virtual Investment Forum to
Attract Japanese Investment in Indonesia's
Renewable Energy Sector

June 22, 2021

Alma Karma

Director of Investment Planning for Manufacturing Industry
Ministry of Investment / BKPM

Japan Investment Realization Updates

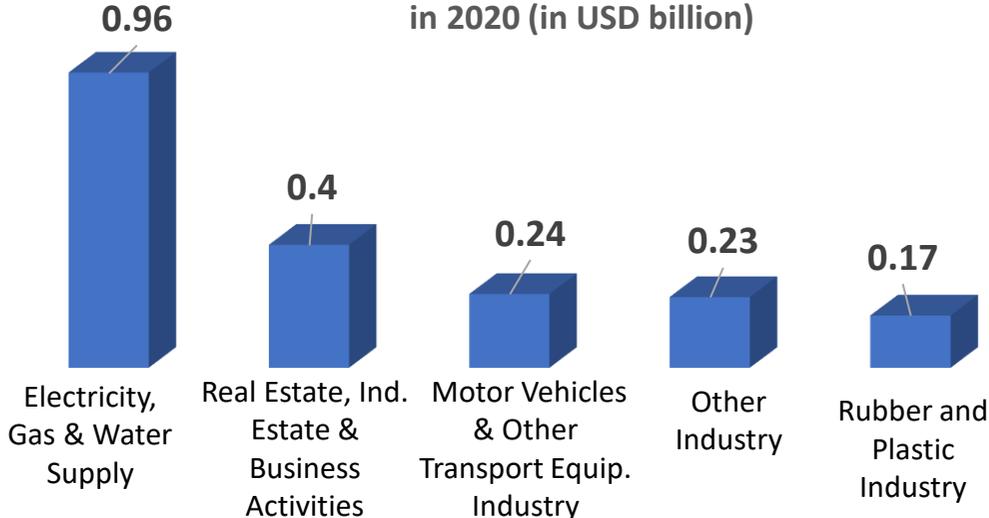


The total of Japan Investment Realization in Indonesia for the period of 2016 – 2020 reached **22.25 billion USD**

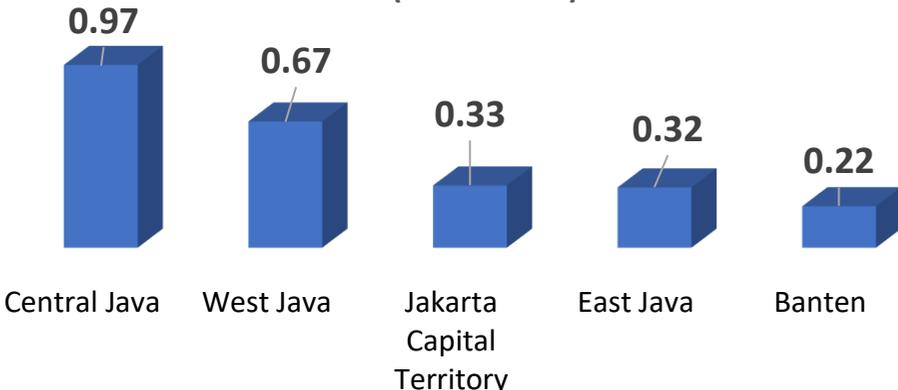
Dominated by:

1. Electricity, Gas & Water Supply
2. Motor Vehicles & Other Transport Equipment Industry
3. Real Estate, Industry Estate & Business Activities
4. Chemical and Pharmaceutical Industry
5. Metal Industry not Machinery & Electronic Industry

Top 5 Sector of Japan Investment Realization in 2020 (in USD billion)



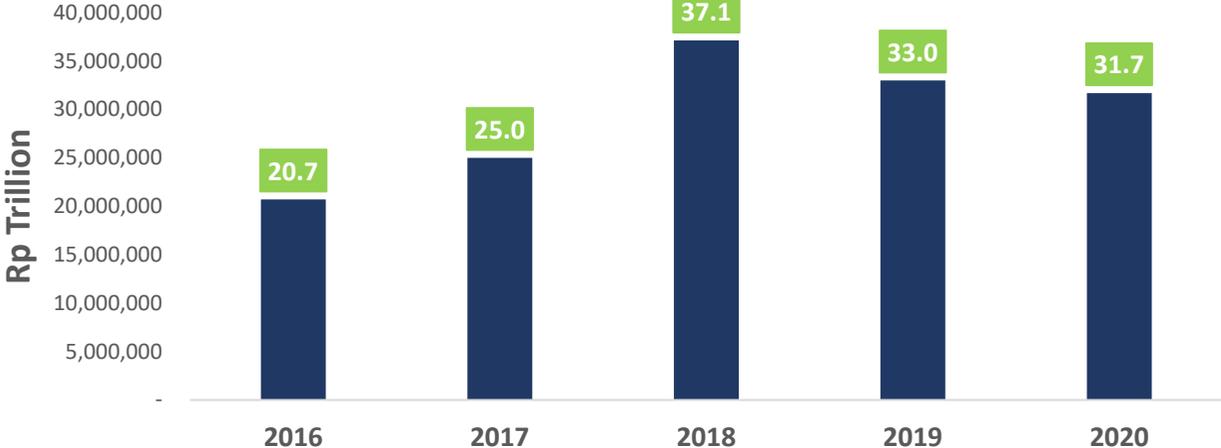
Top 5 Location of Japan investment Realization in 2020 (USD billion)



Indonesia Investment Realization in Energy Infrastructure, 2016-2020

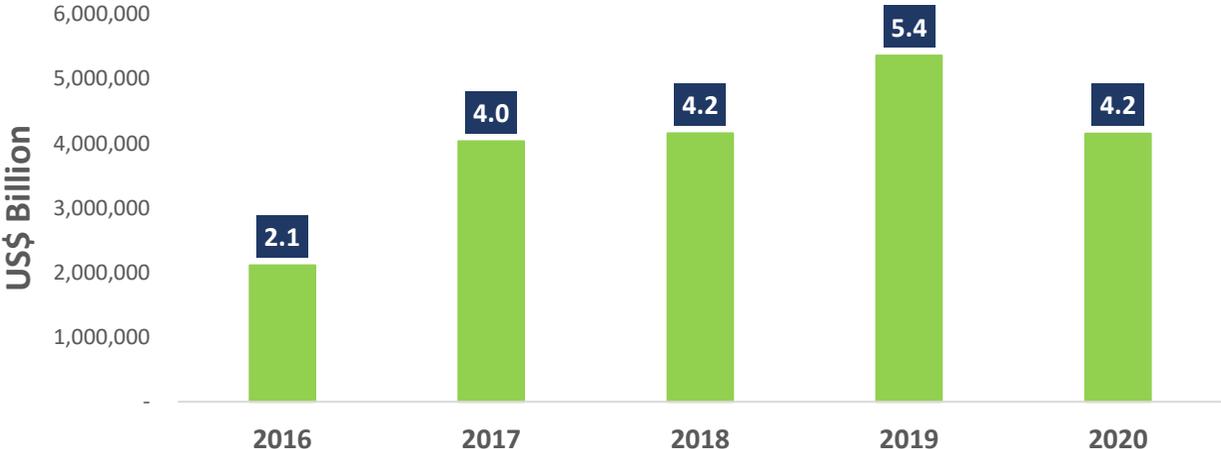


DDI in Energy Infrastructure Sector 2016-2020



Realization of DDI in the energy infrastructure increased from Rp 20.7 trillion in 2016 to Rp 37.1 trillion in 2018, but experienced a downward trend until 2020 with a realized investment value of Rp 31.7 trillion.

FDI in Energy Infrastructure Sector 2016-2020

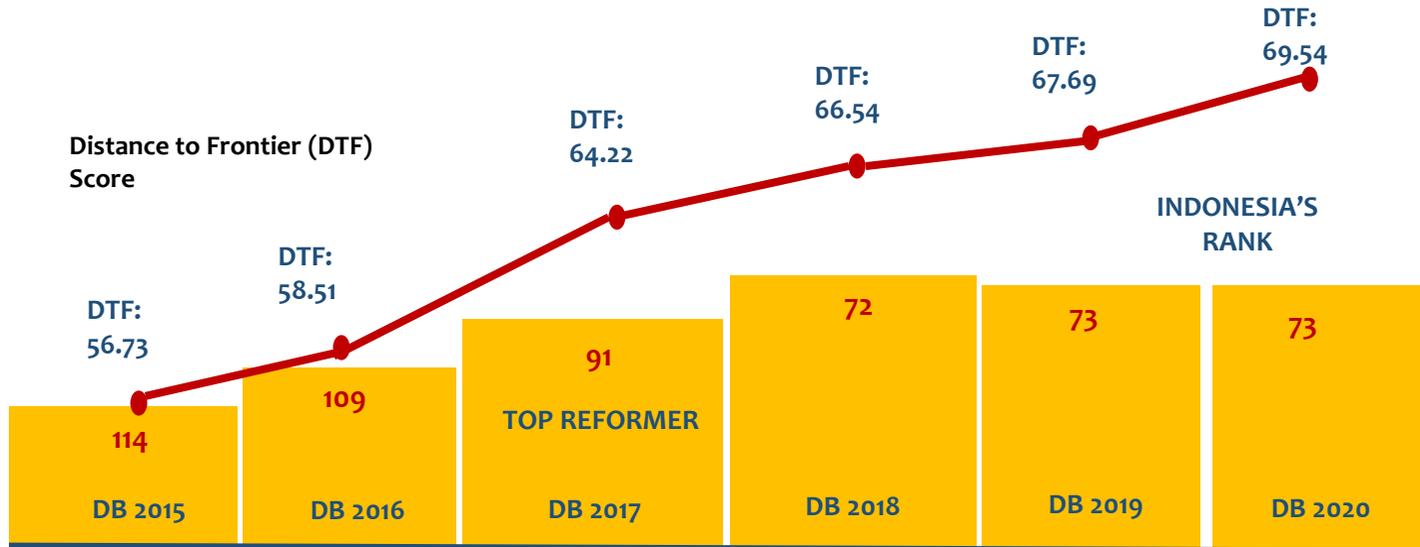


Realization of FDI in the energy infrastructure increase from USD 2.1 billion in 2016 to USD 5.4 billion in 2019, but slightly decreased in 2020 with a realized investment value of USD 4.2 billion.

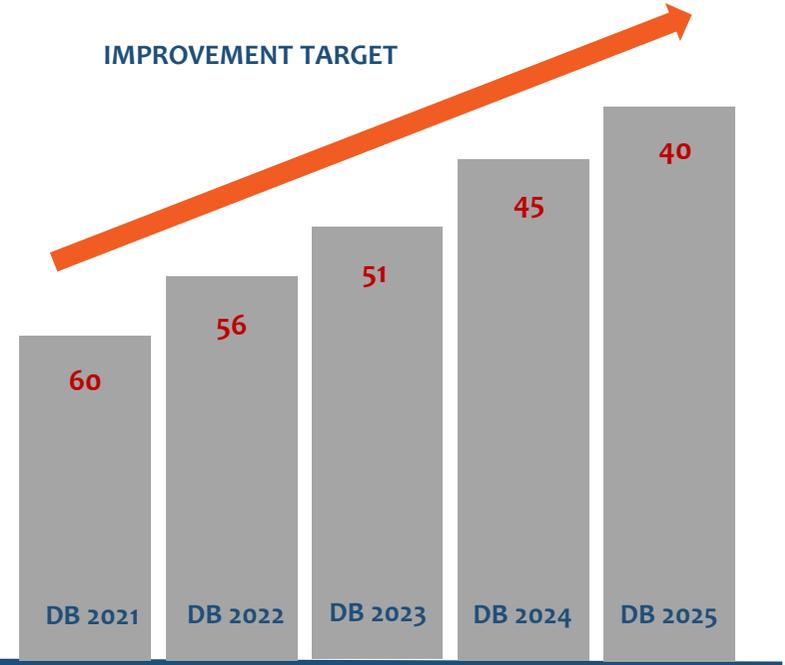
Sumber: BKPM, 2021

Ease of Doing Business Improvement Target

EODB PERFORMANCE
(EODB 2015-2020)



IMPROVEMENT TARGET



- Starting a Business
- Getting Electricity
- Paying Taxes

Recorded area of reform by the World Bank

- Starting a Business
- Getting Credit
- Paying Taxes

- Starting a Business
- Getting Electricity
- Registering Property
- Getting Credit
- Paying Taxes
- Trading Across Borders
- Enforcing Contracts

- Starting a Business
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- Protecting Minority Investors

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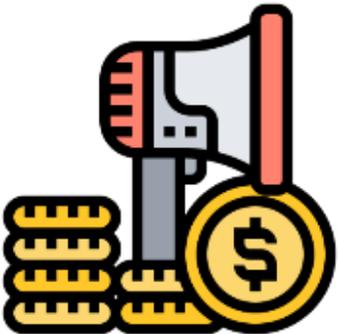
- Starting a Business
- Dealing with Construction Permits
- Registering Property
- Getting Electricity
- Getting Credit
- Paying Taxes
- Trading Across Borders
- Protecting Minority Investors
- Enforcing Contracts
- Resolving Insolvency
- Contracting with Government

Reform in all of the indicators

Strategy to Improve EODB:

- The commitment of the government and Ministries / Agencies to improve the ranking of all indicators;
- Structural improvements for all indicators;
- Ensuring the implementation of Ease of Doing business improvements;
- Dissemination and dissemination of the Ease of Doing Business Policy to Respondents, Ministries / Agencies, and Regions.

5 Steps to Facilitate Investors to Increase Investment Realization



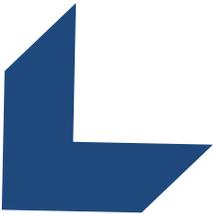
Promotion, convincing investors that Indonesia is an 'investment paradise'



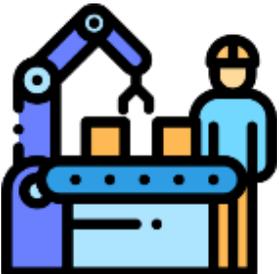
Escorting in Licensing



Escorting in *financial closing*

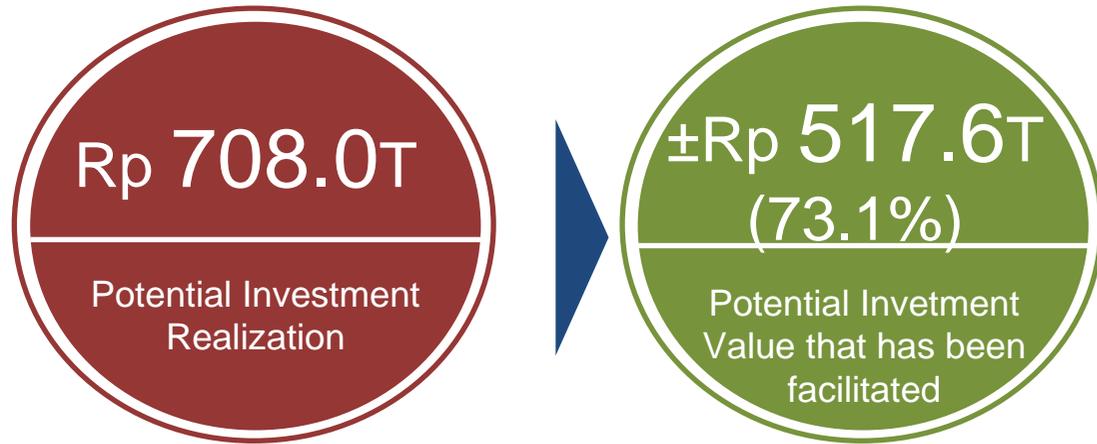


Escorting Investors *end-to-end* investment realization

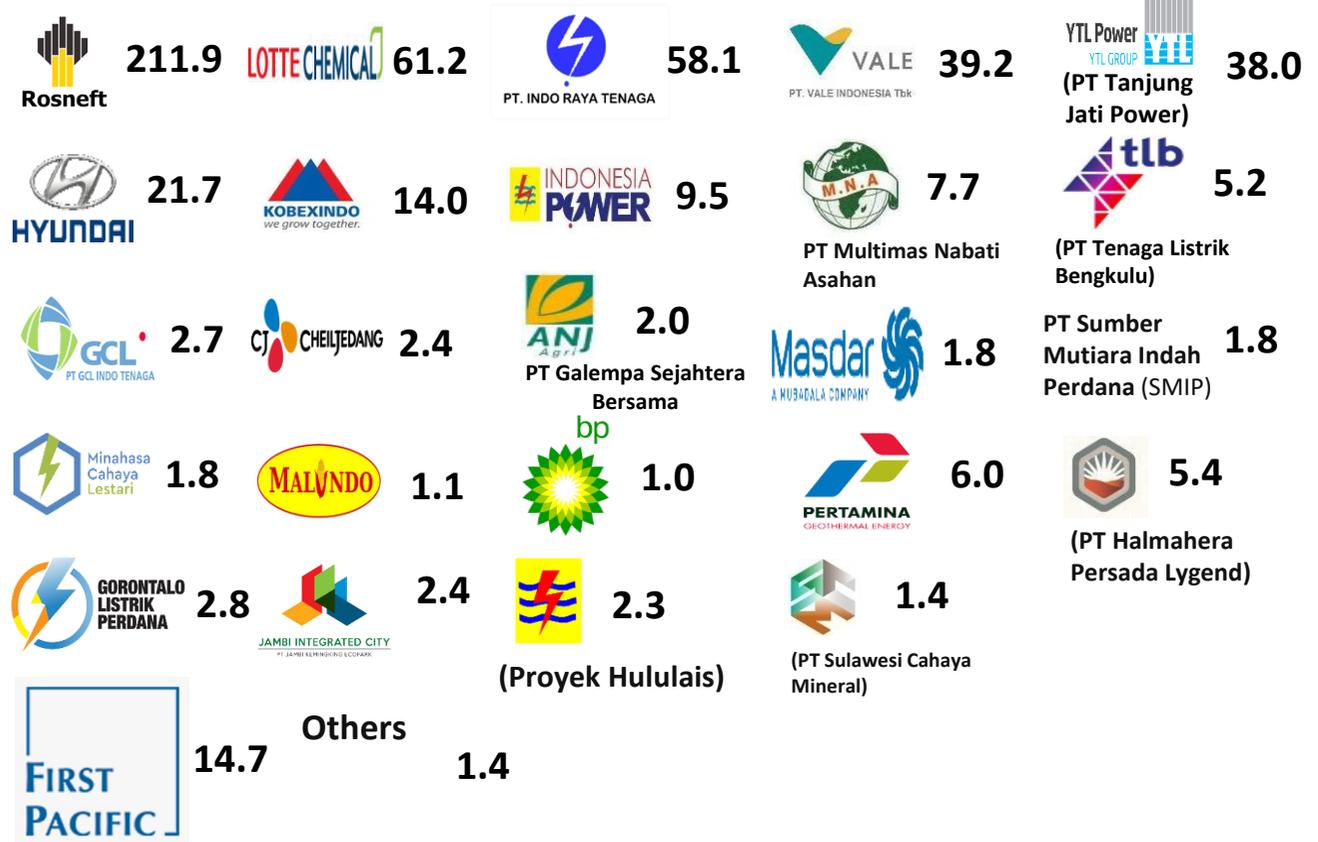


Escorting up to production stage

Potential Investment Realization Rp 708 trillion Facilitated by BKPM



Companies that have been facilitated



Solving stalled investment problems in Indonesia is one of the promotional strategies to attract investors



Klaten, Central Java

Dumai, Riau

BKPM not only facilitates big investment problems, but also medium & small investment

1

Company Operations

Optimizing facilitation for companies that accelerate the development and operation of business activities through the issuance of letters of support to companies, with compliance to the COVID-19 protocol

2

Visa Recommendation for High Level Personnel

Providing recommendations for visits in the context of exploring / relocating industry and company operations to obtain entry permits / visit visas during during social restriction.

3

Visa Recommendation for Foreign Expert

Providing recommendations for foreign expert who will enter in the framework of the realization of investment

4

Escort Existing Investment Realization

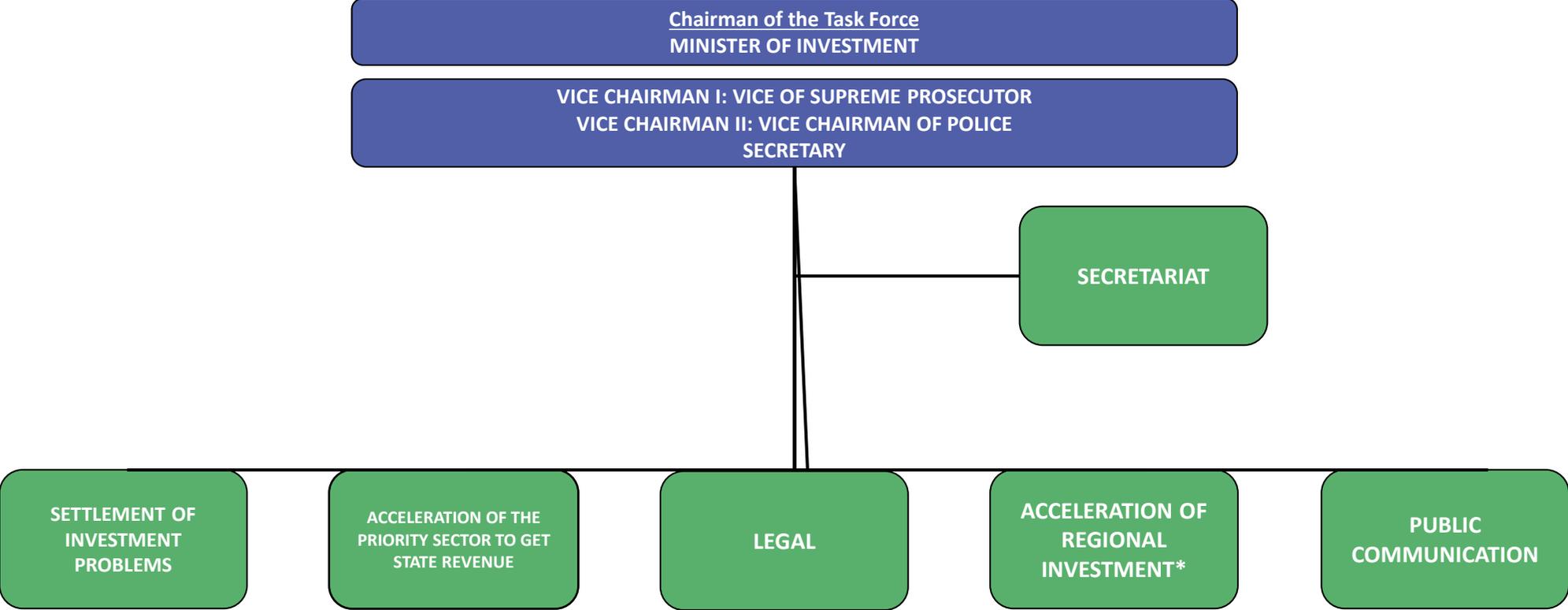
Conducting visits to companies / industries (for example visiting Hyundai and Bonded Zones) to spur existing investment and expansion

5

Optimization of Business Licensing Services

BKPM continues to provide business licensing services in the midst of the COVID-19 Pandemic. The average number of business licenses issued during the Covid-19 Pandemic both online and offline were 4000-5000 permits per day.

Structure of the Investment Acceleration Task Force



- * 6 regions:
- Sumatera
 - Jawa
 - Bali & Nusa Tenggara
 - Kalimantan
 - Sulawesi
 - Maluku and Papua

Lower Tax Rate for the Corporate Income Tax



Law No. 2/2020, PERPPU 1/2020, PP 30/2020

- Other improvements:
1. E-filing for CIT, VAT, worker income tax (payroll)
 2. Faster VAT Restitution

Investment Facilities through OSS System



Tax Holiday and Mini Tax Holiday



Tax Allowance



Import Duty Facility



Investment Facility in SEZ

Tax Incentives for Renewable Energy Project in Indonesia

TAX ALLOWANCE

1

- ✓ Government Regulation (PP) No. 18/2015 jo No. 9/2016
- ✓ BKPM Regulation No. 6/2018
- ✓ Minister of Energy Regulation No. 16/2015

30% of the investment value

net income tax deduction for 6 years (5% every year).

145 Business segment

Tax benefits are expanded from 129 in the previous regulation to 145 segments.

under **Certain Terms**

i.e: investment value or export orientation, employment, local content.



Implementation :
9 IPP (hydro & wind),
total capacity is 148,19
MW

CUSTOMS FACILITIES

2

- ✓ Minister of Finance (MoF) Regulation (PMK) No.176 / 2009 jo. PMK No. 188/2015
- ✓ MoF Regulation (PMK) No. 66/2015
- ✓ BKPM Regulation No. 13/2017

Import duties on machinery and equipment, goods and raw materials for production
Exemption of import duties on machinery and equipment:

- There are the exemption of import duties on raw materials for 2 years.
- There will be an additional 2 years of import duties exemption for raw materials if the company uses the local production machines and equipment (min 30%)

MOF Regulation No. 66/PMK.010/2015

Import Duty of Capital Goods for the Development and Expansion of the Power Generation Industry for General Purposes



TAX HOLIDAY

3

- ✓ MoF Regulation (PMK) No. 35/2018
- ✓ BKPM Regulation No. 1/2019

5-20 years
Tax holiday

IDR **500** billion
Minimum of investment

Max 100%
Income tax deduction

Implementation: 2 IPP hydro, total capacity 531 MW

MINI TAX HOLIDAY

5 years
Tax Holiday

IDR **100** sd **500** billion
Minimum of investment

Max . 50%
Income tax deduction



THANK YOU
LET'S INVEST IN INDONESIA

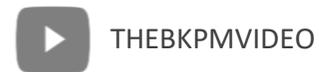


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