



PRESS RELEASE

Jakarta, 2 November 2020

Tax Allowance Incentive Favorably Used by Investors

Jakarta, 2 November 2020 - Since the Tax Allowance investment incentive application through the Online Single Submission (OSS) system became effective starting 11 August 2020, the Indonesia Investment Coordinating Board (BKPM) noted that there have been 13 applications from companies. In accumulation, the total number of companies applied for Tax Allowance from 1 January to 1 November 2020 has reached 26 applications. Compared with 2019, this value has doubled from last year, where a total of 13 companies were submitted.

Investment incentive services through OSS are in line with Minister of Finance Regulation (PMK) Number 96/PMK/0.10/2020 concerning Amendments to Amendments to PMK Number 11/PMK.011/2020 concerning Implementation of Government Regulation Number 78 of 2019 concerning Income Tax Facilities for Investment in Certain Fields and/or Certain Areas. By submitting through the OSS system, the evaluation process becomes faster, so that decisions on giving incentives are more certain and faster.

Deputy Chairman for Investment Services Achmad Idrus said that BKPM strives to provide a comfortable investment climate for investors. Without changing the requirements and criteria for granting the previous Tax Allowance facility, the process, which was initially carried out by the Director General of Taxes (Dirjen Pajak) of the Ministry of Finance, now has been implemented by the Chairman of BKPM on behalf of the Minister of Finance.

"The entire licensing process up to the submission of incentives is centered through the OSS system. We see that the number of Tax Allowance applications this year is more than last year. This is a good sign, that companies are starting to take advantage of the facilities provided by the government," said Achmad Idrus.

The tax allowance submitted for the period of 1 January – 1 November 2020 comes from a total investment plan value of IDR 28.3 trillion. Tax Allowance facilities are provided for 166 business fields according to the Indonesian Standard Industrial Classification (KBLI) and for 17 KBLIs in various regions following Government Regulation Number 78 of 2019.

"We estimate that companies that apply for Tax Allowance will continue to grow until the end of this year. Even though the COVID-19 pandemic is not over, investment activities have started to rise. It can be seen that in the second quarter of 2020, the number of applications was only 3 companies. Then in the third quarter it increased to 10 companies, and in the fourth quarter (until 1 November 2020) there are currently 3 companies," added Idrus.

Tax Allowance is a tax relief facility provided to qualified investments, including absorbing a large workforce, having a high investment value for exports, and having a high level of local content. Tax relief is provided in the form of a reduction in net income by 30 percent of the total investment value for 6 years of 5% each; accelerated depreciation of tangible fixed assets and accelerated amortization of intangible assets; the imposition of 10 percent Income Tax on dividends; and compensation for losses that are longer than 5 years but not more than 10 years. Several business sectors that have received Tax Allowance in 2020 include the food and beverage industry, basic chemical industry, and non-ferrous base metal manufacturing industry. (*)

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