PRESS RELEASE

Following Tax Amnesty Policy, BKPM to Launch a New Investment Scheme

Jakarta, July 16, 2016—A number of ministries and national institutions are actively responding the Government’s new tax amnesty policy by preparing and formulating all the required supporting regulations. Indonesia Investment Coordinating Board (BKPM) has jumped on the bandwagon by arranging a new scheme for investors who wish to utilize the tax amnesty facility. The Chairman of BKPM, Franky Sibarani, explained that the purpose of the tax amnesty given by the government is to restructure and to accelerate the economic growth by repatriation of funds. By doing so, it will eventually lead to the increase of domestic liquidity, improvement of Rupiah’s performance, decrease in the bank rate and also investment expansion. “With regard to the investment expansion, BKPM has a specific role in preparing a new investment scheme for investors who wish to channel their funds to the direct investment scheme,” he added in his official statement to the media, Saturday (7/16).

According to Franky, such new scheme will encompass information related to the procedures and facilities that the tax amnesty receivers will obtain if they choose to invest their capitals in Indonesia. “BKPM will propose the procedure and step-by-step guide for investment in the real sectors based on Government’s priority list and/or other forms of investment which comply with the national law and regulations,” he said.

Furthermore, he is being optimist that the said investment scheme will become a major attractive factor for the tax amnesty receivers to invest their funds in Indonesia. “We expect that it will help the Government to achieve this year’s investment target worth IDR 594.8 trillion,” he added.

BKPM has a plan to combine the proposed scheme with its several breakthrough policies that have been proven effective in simplifying the investment licenses, such as three-hour investment licensing service, customs facility, “green lane” acceleration as well as tax allowance and tax holiday policy.

“Those combinations will create a significant impact in attracting interest from investors who become the tax amnesty receivers,” he further mentioned.

Previously, the Government of the Republic of Indonesia through its Ministry of Finance has decided to grant tax amnesty as a part of government’s effort in boosting the national revenue through tax revenue increase.
Tax amnesty is a limited-time opportunity for a tax liability to be forgiven, free of penalties and criminal prosecution, in exchange for transparency of current total funds owned and payment of a defined amount as a payoff. Tax amnesty receivers who possess funds stashed abroad are expected to return and allocate their capitals in Indonesia through various schemes including direct investment.

BKPM data show that investment realization in the first trimester (January to March) of 2016 has reached IDR 146.5 trillion or has increased 17.6% from the previous period which amounted to IDR 124.6 trillion. That realization consisted of domestic investment (PMDN) worth IDR 50.4 trillion or increased 18.6% from the same period in 2015 worth IDR 42.5 trillion and foreign direct investment (PMA) worth IDR 96.1 trillion which rose 17.1% from IDR 82.1 trillion of the same period in the previous year.

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