

# Renewable Energy Investment in Indonesia

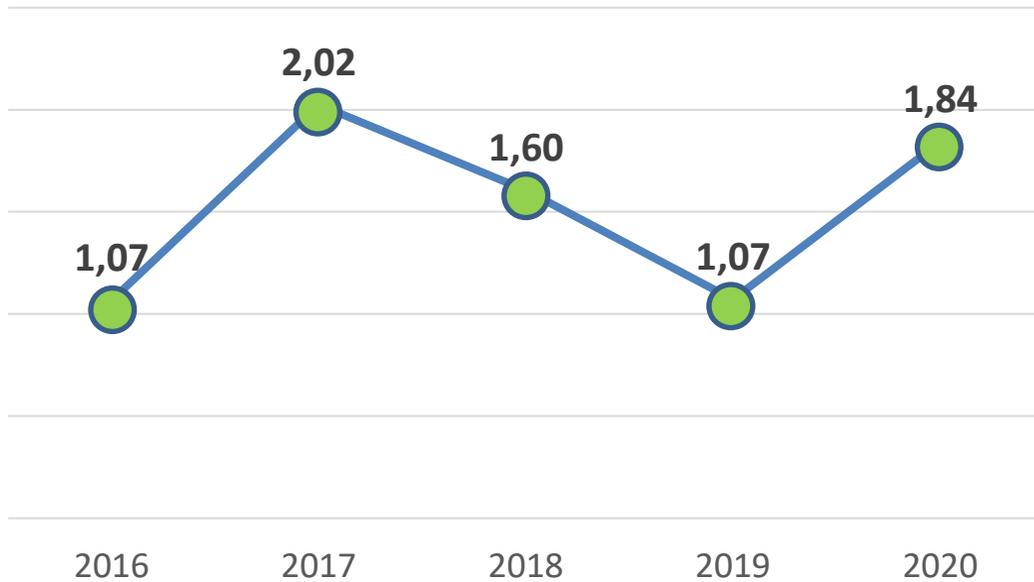


Indonesia-South Korea Renewable Energy Investment Forum

**Nurul Ichwan**  
Deputy Chairman for Investment Planning

Jakarta, 25 Januari 2021

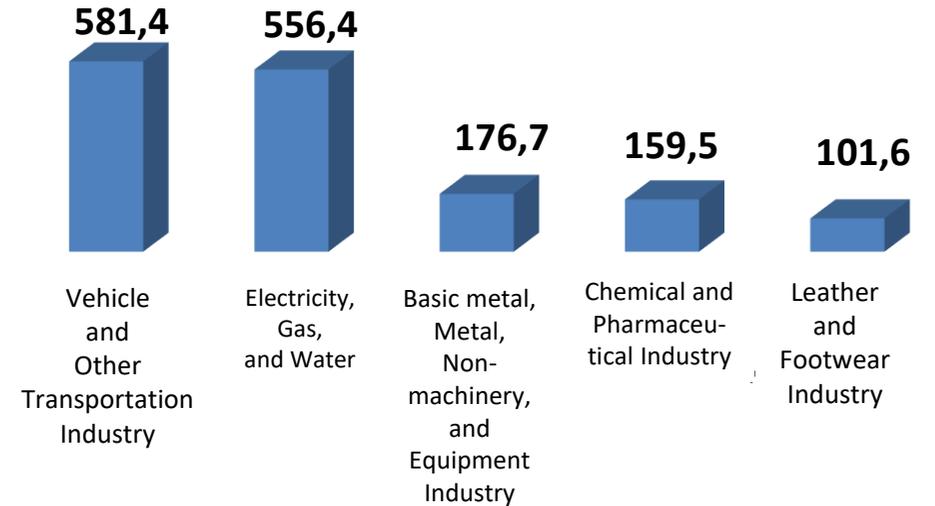
**South Korea Investment  
(USD Billion)**



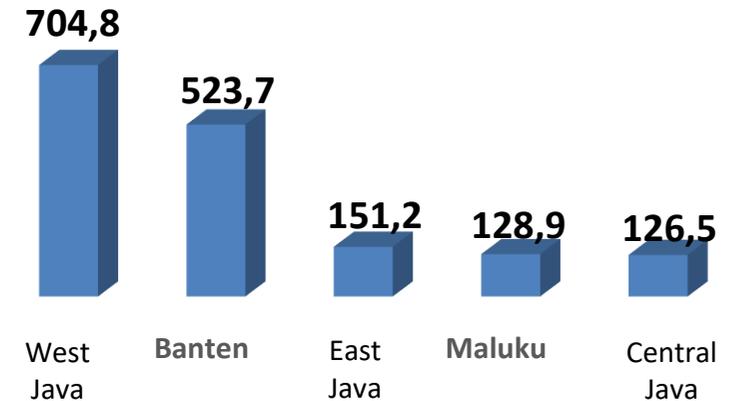
The total of South Korea Investment Realization in Indonesia for the period of 2016 – 2020 reached **7,6 billion USD**

Dominated by **Electricity, Gas and Water, Basic Metal Industry, Chemical and Pharmaceutical Industry, and Automotive Industry.**

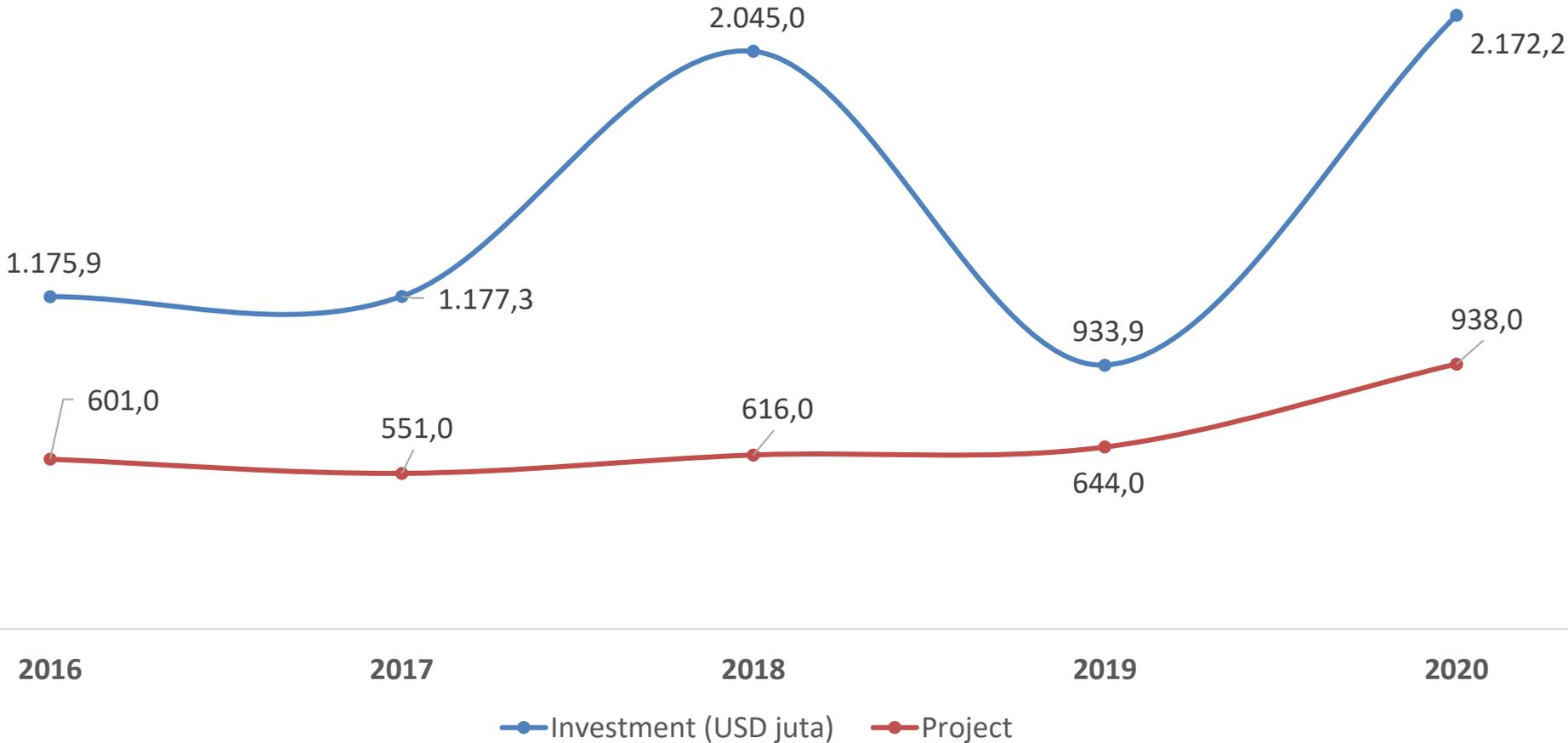
**Top 5 Sector of South Korea Investment Realization  
in 2020 (in USD million)**



**Top 5 Location of South Korea Investment Realization  
in 2020 (USD million)**



# Investment Trend in Renewable Energy in Indonesia



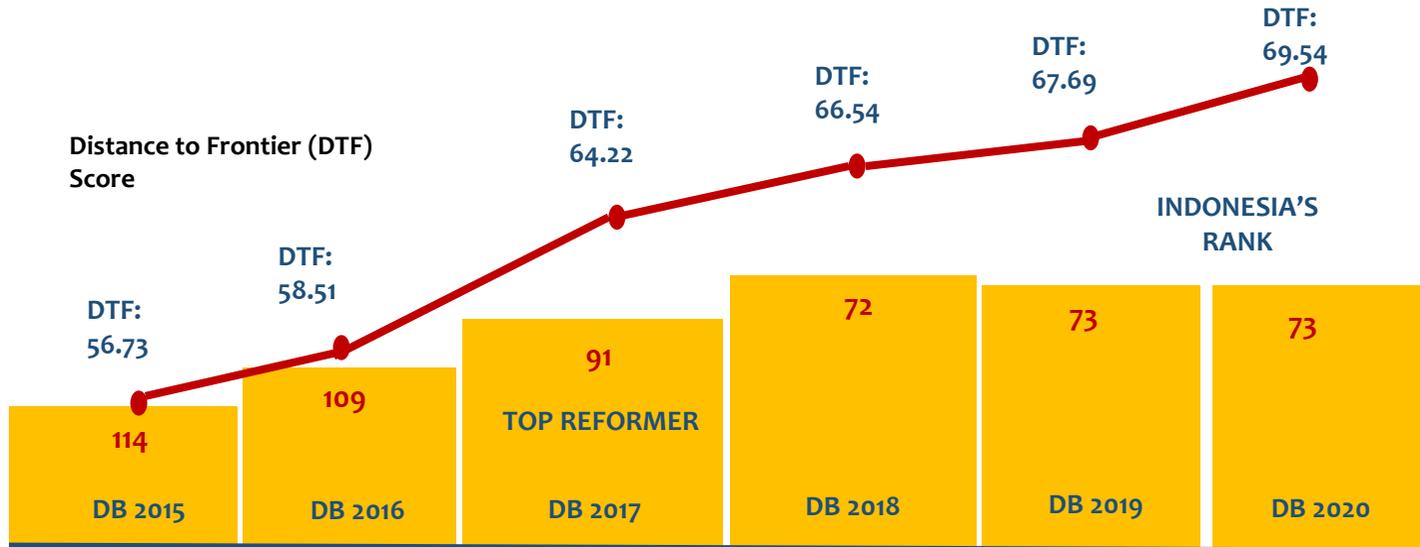
Source: BKPM, 2021

# Investment in Renewable Energy, Based on Source Countries

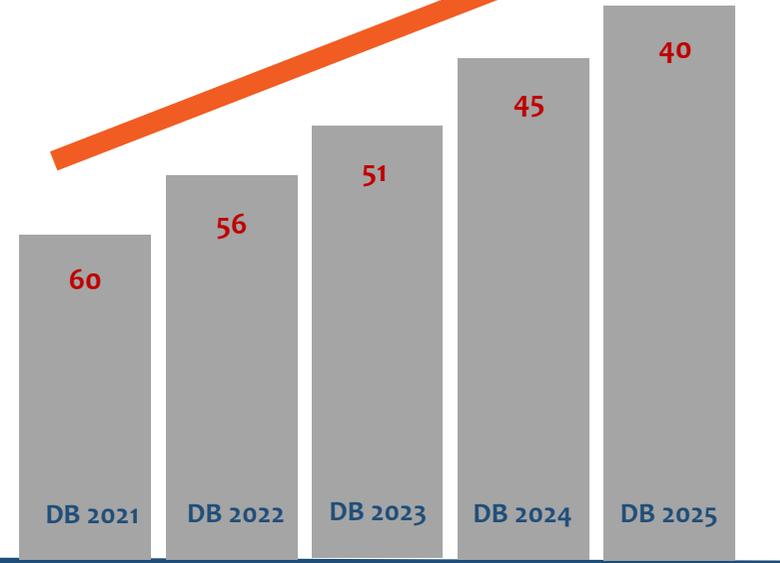
No	Countries	2016	2017	2018	2019	2020	Total	% Contribution
1	Singapore	122.9	278.6	250,2	72,1	453,1	1.176,9	34,5
2	South Korea	150.2	249.8	73,0	84,5	7,4	564,8	16,6
3	The Netherlands	5.9	76.1	173,8	114,9	131,4	502,0	14,7
4	Japan	205.3	140.8	65,1	2,7	2,8	416,7	12,2
5	China	73.9	11.8	35,4	70,5	0,4	191,9	5,6
6	Seychelles	80.4	82.3	7,5	0,6	0,8	171,6	5,0
7	Hongkong, China	26.5	89.1	7,7	3,3	20,4	146,9	4,3
8	USA	0.2	79.1	0,2	0,2	0,1	79,7	2,3
9	Malaysia	9.2	4.1	7,8	9,0	4,6	34,6	1,0
10	United Kingdom	6.9	-	-	-	-	7,0	0,2
11	Others	6.5	28.1	65,7	12,5	2,8	115,6	3,4
<b>Total</b>		<b>687.9</b>	<b>1,039.8</b>	<b>686.3</b>	<b>370.1</b>	<b>623.6</b>	<b>3,407.7</b>	<b>100,0</b>

# Ease of Doing Business Improvement

**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

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- Protecting Minority Investors

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1. Starting a Business
2. Dealing with Construction Permits
3. Registering Property
4. Getting Electricity
5. Getting Credit
6. Paying Taxes
7. Trading Across Borders
8. Protecting Minority Investors
9. Enforcing Contracts
10. Resolving Insolvency
11. Contracting with Government

**Reform in all of the indicators**

**Strategy to Improve EODB:**

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

# Risk Based Business Licensing Process

Articles related to licensing are integrated in the Job Creation Law

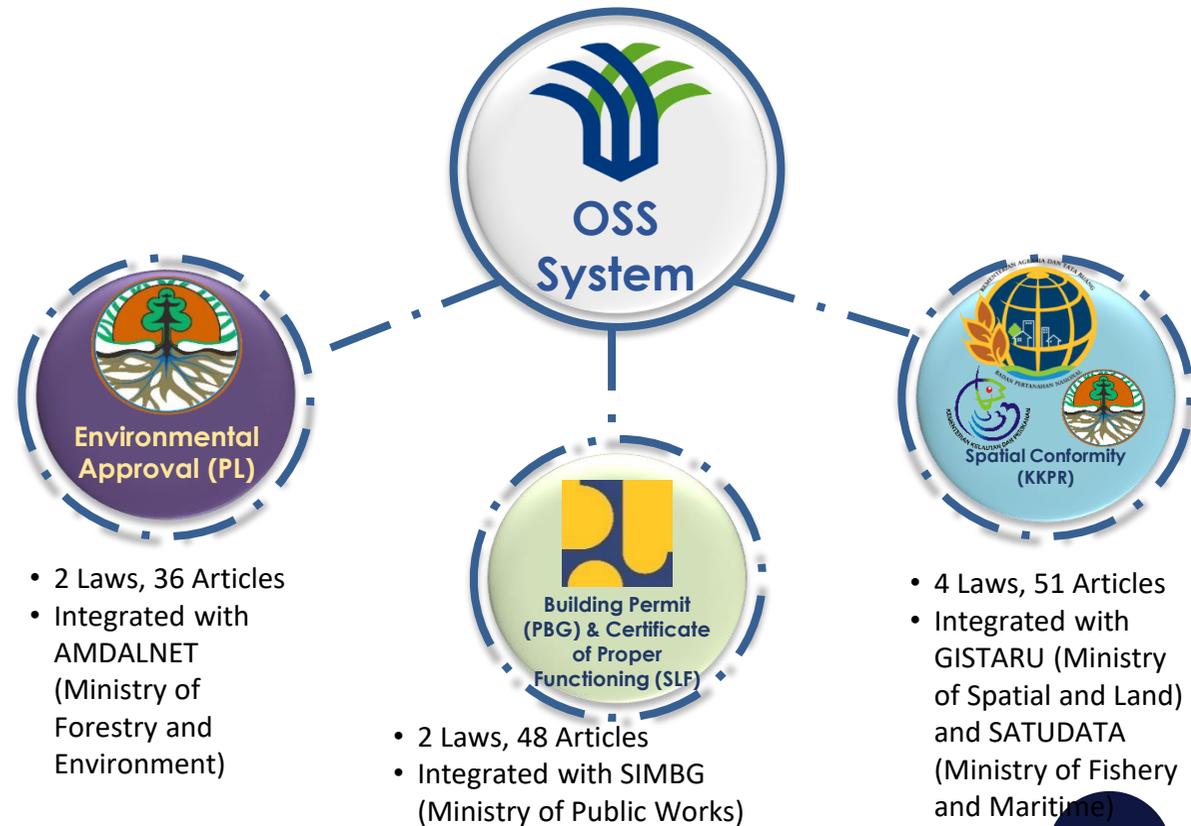
## Risk Based Approach Licensing

Reform on Licensing Process to the Risk-Based Licensing Approach through Online Single Submission (OSS)



## Basic requirements for business licensing

Integrate & simplify a number of laws governing basic licensing



# 5 Steps to facilitate investors to increase investment realization



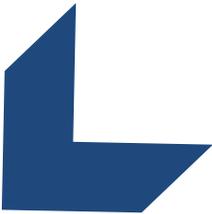
Promotion, convincing investors that Indonesia is an 'investment paradise'



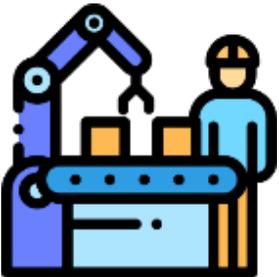
Escorting in Licensing



Escorting in *financial closing*

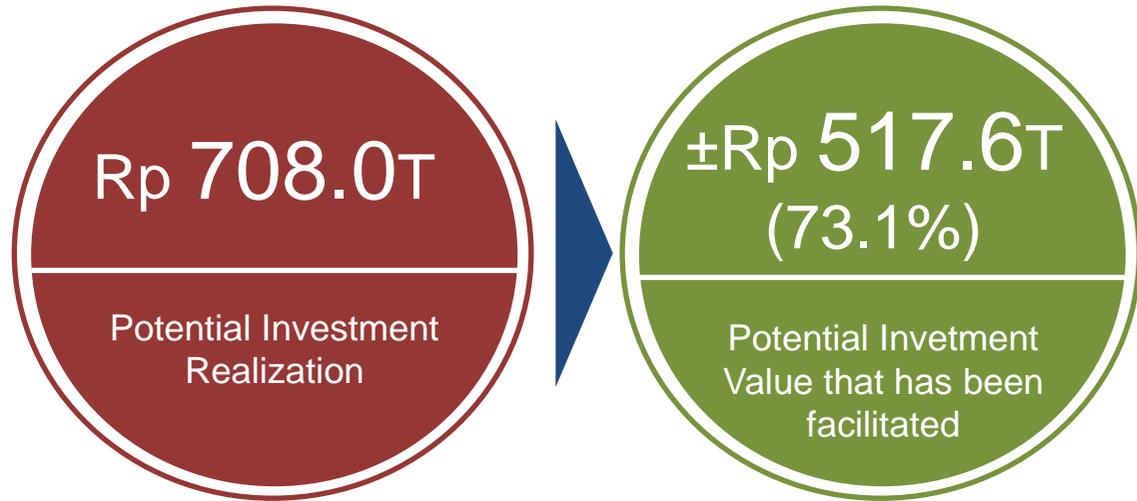


Escorting Investors *end-to-end* investment realization



Escorting up to *production stage*

# Potential Investment Realization Rp 708 trillion facilitated by BKPM



## Companies that have been facilitated

Rosneft	211.9 (Rp trillion)	LOTTE CHEMICAL	61.2 (Rp trillion)	PT. INDO RAYA TENAGA	58,1 (Rp trillion)
YTL Power (Tanjung Jati Power)	38.0 (Rp trillion)	VALE PT. VALE INDONESIA Tbk	39.2 (Rp trillion)	KOBEXINDO we grow together.	14.0 (Rp trillion)
HYUNDAI	21.7 (Rp trillion)	NINDYA	9.5 (Rp trillion)	bp	1,0 (Rp trillion)
GCL PT GCL INDO TENAGA	2,7 (Rp trillion)	CJ CHEILJEDANG	2,4 (Rp trillion)	tlb (Tenaga Listrik Bengkulu)	5,2 (Rp trillion)
(Galempa Sejahtera Bersama) ANJ Agri	2,0 (Rp trillion)	Masdar A MUBADALA COMPANY	1,8 (Rp trillion)	Minahasa Cahaya Lestari	1,8 (Rp trillion)
PT Sumber Mutiara Indah Perdana (SMIP)	1,8 (Rp trillion)	MALINDO	1,1 (Rp trillion)	Others	1,4 (Rp trillion)

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

# Investment Realization Facilitation Services during the COVID-19 pandemic

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.

## 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** Line of business

Tax benefits are expanded from 129 in the previous regulation to 145 line of business.

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** s.d **500** billion  
Minimum of investment

**Max . 50** %  
Income tax deduction



# THANK YOU

LET'S INVEST IN INDONESIA



## Indonesia Investment Coordinating Board

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