

Detail Incentives and Easiness in Special Economic Zone

NO.	SUBJECT	INCENTIVES/FACILITIES
1.	CORPORATE INCOME TAX (PPh)	<ol style="list-style-type: none"> 1. Primary Industry (Tax Holiday): <ul style="list-style-type: none"> • Reduction by 20-100% for 10-25 years for investment more than Rp. 1 trillion (USD 77 million) *USD 1 = IDR 13,000 • Reduction by 20-100% for 5-15 years for investment between Rp. 500 billion-1 trillion (USD 38.5 - 72 million) *USD 1 = IDR 13,000 • Reduction by 20-100% for 5-15 years for investment between for investment less than Rp. 500 billion (USD 38.5 - 72 million) *USD 1 = IDR 13,000 in particular area 2. Other than Primary Industry (Tax Allowance): <ul style="list-style-type: none"> • Reduction in net income of up to 30% of the amount invested, prorated at 5% for 6 years • Accelerated depreciation • Extension of tax losses carry-forward for up to 10 years • A reduction of the withholding tax rate on dividends paid to non-residents to 10%
2.	VALUE ADDED TAX (PPN) AND SALES TAX ON LUXURY GOODS (PPnBM)	<ul style="list-style-type: none"> • Imported goods: exempted • Goods delivered among companies in SEZ: exempted • Goods delivered among companies in other SEZ: exempted

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3.	CUSTOMS FRAMEWORK	<p>SEZ is a customs control area under Directorate General of Customs and Excise. Customs duty are not subjected to:</p> <ul style="list-style-type: none"> • Goods entering the SEZ • Goods exiting from the SEZ to foreign countries, except for leather, woods, cocoa beans, CPO and its derivatives, and also minerals. <p>Goods exiting the SEZ into domestic market are subject to customs duty and follows FTA tariff rates. Goods processed in SEZ and entering into domestic market will not be subject to custom duty if could fulfill the minimum local content of 40%.</p>
4.	EXCISE	Exempted excise for primary or auxiliary materials, in the manufacturing of non-excisable goods
5.	NEGATIVE LIST	<p>Negative list not applied in SEZ, except for:</p> <ul style="list-style-type: none"> • Prohibited activities • Business reserved for SME
6.	RESTRICTION AND LIMITATION TO EXPORT AND IMPORT	<ul style="list-style-type: none"> • Restriction and export limitation is apply in SEZ • Import limitation is not applied until the goods enter the custom areas (domestic area)
7.	BUSINESS LICENSES	<ul style="list-style-type: none"> • Start up business license will be proceeded by SEZ administrator within 3 hours. • All procedures related to export, import, immigration, working permit, etc., will be handled by SEZ Administrator.

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8.	FOREIGN PROPERTY OWNERSHIP IN TOURISM SEZ	<ul style="list-style-type: none"> • Exempted from Luxury and Very Luxury Sales Tax • Foreign individual and foreign corporate can own properties in SEZ, including landed house • The status of the properties are Right to Use (Hak Pakai) for 30 years and could be renewed up to 80 years • Stay Visa will be given to property owner in SEZ
9.	LOCAL TAXES IN TOURISM SEZ	<ul style="list-style-type: none"> • Reduction of local taxes • Reduction of local retribution
10.	LABOUR AND EMPLOYMENT	<ul style="list-style-type: none"> • Special Wage Council and Special Tripartite Consultation will be established in SEZ • Limitation of Labor Union Forum • Agreement and extension of Expatriate Employment Plan by SEZ Administrator
11.	IMMIGRATION	<p>Immigration facilities for Individual working in SEZ, including his/her family:</p> <ul style="list-style-type: none"> • Visa on Arrival for 30 days and could be extended 5 times • Visit visa could be transferred into temporary stay permit • Temporary stay permit could be transferred into permanent stay permit
12.	LAND TITLING	<p>Land Titling in SEZ:</p> <ul style="list-style-type: none"> • Building Right on Land (Hak Guna Bangunan) could be extended up to 80 years • Landed house and apartments in Tourism SEZ could be owned by foreign citizens • Foreign citizen who own property will be given Right of Use (Hak Pakai) • Right of Use (Hak Pakai) could be extended up to 80 years. • Permanent stay permit will be given to foreign citizens who own property in Tourism SEZ

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13.	BUILDING CONSTRUCTION PERMIT	Building construction permit approval process could be done in parallel with site preparation (land clearing and other preparatory works). During the process, evaluation and approval on all civil drawings will be required.
14.	ENVIRONMENTAL APPROVAL	Environmental permit varies based on type, scale and complexity of the project, and required to be completed within 90 days. The Administrator of SEZ will process the application and submit the approval.
15.	ELECTRICITY, WATER, AND TELECOMMUNICATION	General condition: <ul style="list-style-type: none"> • Electricity will be provided by State Owned Enterprise on Electricity Provider (PT. PLN) • Water will be provided by Kabupaten owned enterprise (PDAM) • Telecommunication service will be provided by State Owned Enterprise (PT. TELKOM)
16.	WASTE MANAGEMENT	Waste management facilities for hazardous and non-hazardous waste are available and managed by the zone developer. Services of handling waste are subject to fees according to the type and quantity of waste materials.
17.	ACCOMODATION AND LABOUR CAMPS	<ul style="list-style-type: none"> • Labour camps could be developed by (a) zone developer; or (b) the company • The company inside the SEZ should developed their own eating place for their employees • Non-permanent food stall are prohibited inside the area of SEZ

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18.	SETTING UP A NEW COMPANY	<p>Registering a new SEZ company could be served in the Administrator office where public notary is available and will required the following infomation:</p> <ul style="list-style-type: none"> ▪ Copy of shareholders passports ▪ Current residence of shareholders for individual founder, or legal entity domicile for legal entity founder ▪ Name of board of directors and board of commissioners ▪ Capital statement
19.	ONE STOP-SHOP (OSS) BY ADMINISTRATOR	<p>One-Stop-Shop act a single window for clients to obtain all they need to set up and operate their business efficiently and effectively. OSS provides multiple services under Administrator’s office that has enhanced resources to deliver high quality services.</p> <p>Initial key licences to set up the business will be provided within 3 (three) hours, and consist of:</p> <ul style="list-style-type: none"> ▪ Set up a new company ▪ Official Company registration ▪ Investment licence ▪ Registration in tax system ▪ Registration in customs system ▪ Foreign labour employment permit ▪ Importer’s identity number <p>To accelerate the investment, the investors may start the construction after signed the statement of promise that they will accomplished the following required regulation within 3 (three) months:</p> <ul style="list-style-type: none"> ▪ Environmental approval ▪ Building construction permit ▪ Land title