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**Ministry of Finance**  
**Regulation Number**  
**150/PMK.010/2018**

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# Granting of Corporate Income Tax Reduction Facility

The Government of Indonesia fully strives to improve Indonesia economy which includes increasing investment in Indonesia. For such purpose, the government offers tax reduction up to 100% for investments on Pioneer Industries as set forth in Capital Investment Coordinating Board Regulation.

Ministry of Finance Regulation Number 150/PMK.010/2018 (PMK-150) is an update from the former PMK, specifically PMK Number 35/PMK.010/2018 (PMK-35). The differences between PMK-35 and PMK-150 are as follows:

No.	Amendment	35/PMK.010/2018 (Former)	150/PMK.010/2018 (Recent)
1.	Amount of Investment	A minimum of IDR 500,000,000,000	A minimum of IDR 100,000,000,000
2.	Pioneer Industry	There are 17 Pioneer Industries	There are 18 Pioneer Industries. Pioneer Industries defined in PMK-150 are more detailed compared to PMK-35
3.	Application Procedure	Application is addressed to Head of Capital Investment Coordinating Board	Application applied via <b>Online Single Submission (OSS)</b> system managed by OSS Agency

The details of Pioneer Industries defined in PMK-150 are provided in the following table:

No.	Industry	No.	Industry
1.	Upstream base metal industry (steel or non-steel)*	10.	Manufacturing industry of robotic components that support industrial machines manufacturing industry
2.	Petroleum and natural gas refinery industry*	11.	Manufacturing industry of components for power plant engines
3.	Petroleum, natural gas or coal-based petrochemical industry *	12.	Manufacturing industry of motor vehicle and vehicle components
4.	Industry of organic basic chemical sourced from agricultural, plantation or forestry*	13.	Manufacturing industry of vessel components
5.	Inorganic basic chemical industry*	14.	Manufacturing industry for train components
6.	Pharmaceutical raw material industry*	15.	Manufacturing industry of aircraft components and aircraft industry supporting activities
7.	Manufacturing industry of irradiation, electro-medical or electrotherapy devices	16.	Agricultural, plantation or forestry-based processing industry that produces pulp*
8.	Manufacturing industry of components for electronic or telematics devices, such as semiconductor wafer, backlight for Liquid Crystal Display (LCD), electrical driver of display	17.	Digital economy including data processing, hosting and other related activities
9.	Manufacturing industry of engines or components for engines	18.	Economic infrastructure

\*With or without its integrated derivatives

The requirements for a taxpayer to apply for tax reduction are as follows:

1. A pioneer industry;
2. An Indonesian legal entity;
3. A new capital investment that has not been issued a notification on granting or refusal for Corporate Income Tax reduction;
4. Has a capital investment plan in a minimum of IDR 100,000,000,000 (one hundred billion Indonesian Rupiah); and
5. Complies with the thin capitalization rules of debt to equity ratio as stipulated by Minister of Finance Regulation.

After the fulfillment of requirements above, tax reduction would be granted. The scheme of tax reduction is provided as follows:

Amount of Tax Reduction	Amount of Investment (In Billion IDR)	Tax reduction period (year)				
		5	7	10	15	20
50%	100					
	500					
100%	1.000					
	5.000					
	15.000					
	30.000					
	>30.000					

After the expiration of tax reduction period, taxpayer would be granted Corporate Income Tax reduction facility in the form of, as follows:

- a. 50% of Corporate Income Tax liability for 2 (two) years for a capital investment above IDR 500,000,000,000 (five hundred billion Indonesian Rupiah);
- b. 25% of Corporate Income Tax liability for 2 (two) years for a capital investment from IDR 100,000,000,000 (one hundred billion Indonesian Rupiah) to IDR 500,000,000,000 (five hundred billion Indonesian Rupiah).

The tax reduction is applicable from the fiscal year of Commencement of Commercial Production defined by DGT according to the result of field audit. If taxpayer is Corporate Income Tax reduction facility, taxpayer is required to submit a report annually to DGT and Head of Fiscal Policy Agency in the form of capital investment realization report and product realization report in 30 (thirty) days after the expiration of fiscal year concerned.

If a taxpayer has applied for tax reduction stipulated by other PMK, i.e., PMK number 130/PMK.011/2011, 103/PMK.010/2016 and 35/PMK.010/2018, the taxpayer is eligible to apply for Corporate Income Tax reduction facility until the expiration of tax reduction period.

# Contact us

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