# Energy, Utilities & Resources NewsFlash

March 2023 / No. 73



## Recently Updated Tax Rules for the Coal Mining Sector

As readers may be aware, Article 31D of the Income Tax Law ("ITL") allows the government to issue special Income Tax rules for certain industries. As outlined in Energy, Utilities and Mining NewsFlashes Vol.39/2011, Vol.62/2017, Vol.63/2018 and Vol.64/2018, specific tax rules have already been issued for:

1. the upstream oil and gas (or Production Sharing Contract ("PSC")) sector via GR-79, GR-27 and GR-53; and
2. for the mineral mining sector via GR-37.

In April 2022, the Government issued Regulation No.15 Year 2022 ("GR-15") to provide special rules in relation to both the tax and non-tax state revenue (*Penerimaan Negara Bukan Pajak/PNBP*) arrangements for the coal mining sector.

### Relevant Concession Holders

The tax and PNBP provisions outlined under GR-15 are applicable for the holders of the following:

1. a mining business licence (*Izin Usaha Pertambangan*/"IUP"), which is a licence to conduct coal mining activities in a mining business area;
2. a special mining business licence (*Izin Usaha Pertambangan Khusus*/"IUPK"), which is a licence to conduct coal mining activities in a state reserve area;
3. a special mining business licence as a "continuation of contract operations" ("IUPK Continuation"), which is a licence granted after the expiration of a Coal Contract of Work ("CCoW");
4. a CCoW with income tax provisions stipulated in the contract (i.e., with *lex specialis* tax provisions); and
5. a CCoW that follows the prevailing tax regulations (i.e., without *lex specialis* tax provisions).

CCoWs with *lex specialis* tax provisions are to be honoured until the end of the CCoW period and so are not directly impacted by GR-15. However, even these Contractors are obliged to follow the WHT obligations as outlined in GR-15.

As indicated, GR-15 was enacted on 11 April 2022 and became effective seven days thereafter. The Income Tax provisions are generally applicable from the 2023 tax year for holders of an IUP, IUPK, or a CCoW without *lex specialis* tax provisions.

## Income Tax Treatment

### General

GR-15 provides that the Income Tax provisions stipulated in GR-15 are applicable to all holders of an IUP, IUPK, IUPK Continuation or a CCoW without *lex specialis* tax provisions.

In general, the Corporate Income Tax ("CIT") calculation, the CIT rate and the tax loss carryforward period should follow the prevailing income tax regulations. Consequently, the *lex specialis* concept has largely been discontinued for new concessions in the coal mining sector (although see the IUPK Continuation discussion below).

### Taxable Objects

Taxable "objects" comprise the following:

1. *income from operations*: being income from the sale or transfer of mining production (i.e., coal). The production is to be taxed at the higher of:
    a) the lower of the coal benchmark price or the coal index price at the time of the transaction; or
    b) the actual selling price or the price which should have been received by the seller; and
2. *other income*: in whatever name or form.

In certain circumstances however, such as when supplying coal for a domestic market obligation, coal sales should be taxed at a statutory price set according to relevant regulations.

### Allowable Deductions

The allowable and non-allowable deductions are generally as per the prevailing income tax regulations.

Certain deductions however follow rules set out in existing mine-specific regulations such as:

1. provisions for reclamation costs (per Minister of Finance ("MoF") Regulation No.219/PMK.011/2012); and
2. donations (per GR No.93 Year 2010).

Note that interest deductibility still follows the debt-to-equity ratio ("DER") rules set out under MoF Regulation No.169/PMK.010/2015 and therefore currently has a maximum DER of 4:1. This is subject to the implementing regulations on the Law on Harmonisation of Tax Regulations ("HPP Law") that will provide authority to the MoF to limit the deductibility of borrowing costs based on other methods such as percentage of EBITDA etc.

There are also no special rules around tax losses. The general application of the 5-year tax loss carryforward limit for the coal mining sector may therefore be a concern for some projects.

### No Specific Rules on Stripping Costs

Unlike GR-37, GR-15 is silent on the tax treatment of costs incurred on stripping. This creates uncertainty on whether the treatment should follow the GR-37 provisions or the general rules regarding the capitalisation of expenditures with a useful life of more than one year.

### Expenses During the Exploration Period

GR-15 provides that expenses incurred during exploration, where such expenses have a useful life of more than one year, should be capitalised and amortised for tax purposes as follows:
1. proportionally over the concession period; or
2. according to the unit of production method over the concession period.

Amortisation starts from the month that "production operations" are approved by the Minister of Energy and Mineral Resources ("MoEMR") or the relevant governor, as applicable.

These rules are applicable even for taxpayers that hold more than one mining licence and simultaneously carry out both pre-production operations and production operations.

## Modifications for IUPK Continuation Holders

### CIT

The above rules apply equally to IUPK Continuation holders but with several modifications.

The CIT rate for IUPK Continuation holders is set at 22% and is applicable from the fiscal year following the issue of the IUPK Continuation until the end of the IUPK Continuation period. In other words, the CIT rate is fixed at 22% for the life of the IUPK Continuation.

IUPK Continuation holders should also calculate fiscal depreciation and/or amortisation as follows:
1. for assets owned (or government-owned according to CCoW) and obtained before the issue of the IUPK Continuation:
   a) for intangible assets:
      - for the fiscal year when the IUPK Continuation was issued - as per the amortisation rules outlined in the original CCoW;
      - for fiscal years following the issue of the IUPK Continuation - as per the prevailing amortisation rules based upon the tax book value at the beginning of the fiscal year following the issue of the IUPK Continuation; and
      - if the useful life of the intangible asset ends in the fiscal year following the issue of the IUPK Continuation - the residual tax book value is fully amortised in the fiscal year following the issue of IUPK Continuation; and
   b) for fixed assets: depreciate the residual tax book value of the fixed asset in the fiscal year when the IUPK Continuation is issued.
2. for assets obtained after the issue of the IUPK Continuation - as per the prevailing depreciation and amortisation rules.

**Other Taxes/PNBP obligations**

GR-15 provides that the obligations for the other taxes, PNBP and regional taxes, the obligations are to follow the regulations prevailing at the time of issue of the IUPK Continuation and to apply until the end of the IUPK Continuation period. In summary this means:

1. *for royalties and dead rent* – as per the MoEMR regulations on the PNBP for coal mining;
2. *for the utilisation of Government owned assets ex CCoW* – at 0.21% of the coal sales price;
3. *for environmental and forestry obligations* – as per the relevant PNBP regulations;
4. *for the state's share due at 4% of net profit* – as per the Mining Law and regulations;
5. *for the regional government's share due at 6% of net profit* – as per the Mining Law and regulations; and
6. *for land and building tax* – as per relevant regulations.

Points 4 and 5 are applicable from the calendar year following the issue of the IUPK Continuation. The net profit is determined after deducting CIT and based on the audited financial statements. These obligations could also be regarded as profit distributions and therefore this is a concern with regard to deductability.

The State and Regional Government "share" calculations also appear to follow accounting profit rather than taxable income. In addition, the payments may not constitute "taxes" for foreign tax credit purposes and so any home country tax treatment should be considered carefully. Finally, there may be scope for different calculation interpretations between the various government bodies.

IUPK Continuation holders are also subject to the following obligations:

1. those more generally in relation to PNBP (i.e., other than as set out in points 1-6 above);
2. WHT remittance and/or collection;
3. Value Added Tax and/or Luxury Goods Sales Tax;
4. Carbon Tax;
5. Stamp Duty;
6. Import Duty and Export Duty;
7. Excise Duty; and
8. regional taxes and retributions.

These are applicable from the beginning of the fiscal or calendar year following the issuance of GR-15 until the end of the IUPK Continuation period.

**PNBP on Coal Sales**

GR-15 introduces a new PNBP on coal sales per tonne for IUPK Continuation holders.

The PNBP formula and rates are progressive according to the coal benchmark price. The PNBP is calculated by multiplying the progressive rate with the sales price. The result is then reduced by the royalty and fee payable for utilisation of government-owned assets ex the CCoW.

The PNBP progressive rates are as follows:

| Coal benchmark price | Rate | |
|---|---|---|
| | IUPK Continuation with lex-specialis provisions | IUPK Continuation without lex-specialis provisions |
| <USD70 | 14% | 20% |
| USD70 < USD80 | 17% | 21% |
| USD80 < USD90 | 23% | 22% |
| USD90 < USD100 | 25% | 24% |
| >USD100 | 28% | 27% |

For coal sales with the regulated price (i.e., specific coal sales) the PNBP rate is fixed at 14%. Specific coal sales refer to the following:

1. Sales within one island in accordance with the Mining Law;
2. Sales of specified coal types (i.e., fine coal, rejected coal, coal with certain impurities) as stipulated in the Mining Law;
3. Sales to fulfil domestic needs where the coal price or formula is determined by the MoEMR; and
4. for certain other transactions as stipulated under the Mining Law.

**Administrative Requirements**

IUPK Continuation holders may maintain bookkeeping in accordance with the language and currency agreed in the original CCoW until the end of the tax year which follows the issuance of the IUPK Continuation.

Bookkeeping in the Indonesian language and IDR currency is mandatory thereafter unless written notification is submitted pursuant to relevant tax regulations.

In the event an IUPK Continuation holder carries out exploration activities exceeding the timeline for maintaining books and documents (i.e., ten years), such books and documents must be maintained until the month when production operations are approved by the MoEMR or the governor according to their authorities.

**Obligation to Withhold and/or Collect Income Taxes**

As indicated, all concession holders, including CCoWs with *lex specialis* tax provisions, must comply with the WHT remittance and/or collection obligations as per the prevailing Income Tax regulations.

**Tax and/or PNBP Rights and Obligations**

GR-15 provides that mining concession holders may cooperate with other mining concession holders and parties other than mining concession holders.

The tax rights and obligations of mining concession holders who enter into such cooperation arrangements remain with the respective mining concession holders. Provisions regarding the tax rights and obligations related to cooperation arrangements will be set out in a separate MoF regulation.

Provisions regarding the imposition, collection and settlement of PNBP for mining concession holders should also be in accordance with the prevailing PNBP law and its implementing regulations.

**Transitional Provisions**

GR-15 provides the following transitional provisions:

1. that (as indicated above) CCoWs with *lex specialis* tax provisions will be honoured until the end of the relevant contract period (i.e., the tax provisions stipulated in the CCoW will continue to apply – although the number of these CCoWs is diminishing); and
2. that for IUPK Continuation holders any outstanding tax and PNBP obligations arising in the year of the IUPK Continuation should be settled according to the provisions of the original CCoW and/or regulations applicable to that CCoW.

## New Regulation on Coal Domestic Market Obligation

On 21 November 2022, the Minister of Energy and Mineral Resources ("MoEMR") issued Decree No. 267.K/MB.01/MEM.B/2022 of 2022 on the Fulfillment of Domestic Coal Requirements ("Decree 267/2022") as a new regulation on the fulfillment of the Domestic Market Obligation ("DMO") for coal. Decree 267/2022 revokes MoEMR Decree No. 139.K/HK.02/MEM.B/2021 on the Fulfillment of Domestic Coal Requirements ("Decree 139/2022") and MoEMR Decree No. 13.K/HK.021/MEM.S/2022 on the Prohibition of Coal Exports, and Guidelines for the Imposition of Fines and the Compensation Fund for Fulfilling the Domestic Market Obligation ("Decree 13/2022").

One of the key changes under Decree 267/2022 is that the compensation funds and penalties (or fines) payable for not complying with the DMO are more closely linked to the actual sales price achieved by the coal mining company. This is opposed to a fixed amount for a particular coal quality. In times of high coal prices, this is likely to result in a higher compensation or fine payable for nor fulfilling the DMO.

Some of the key provisions of Decree No. 267/2022 include:

1. Establishing the percentage of coal DMO of 25% from the total coal production plan included in the approved Annual Work Plan and Budget (*Rencana Kerja dan Anggaran Belanja Tahunan*, "RKAB") or Revised RKAB, whichever is higher. This is where the coal is for the supply of electricity for the public interest or own usage, and as a raw material/fuel for industry. This provision is applicable for holders of the following mining licences:
   a) A mining business licence for coal production operation stage (*Izin Usaha Pertambangan batubara tahap Operasi Produksi*, "IUP OP");
   b) A special mining business licence for coal production operation stage (*Izin Usaha Pertambangan Khusus batubara tahap Operasi Produksi*, "IUPK OP");
   c) A coal contract of work ("CCoW") in the production operation stage; and
   d) A special mining business licence as a continuation of a CCoW ("IUPK Continuation").

   In urgent circumstances and where there is a domestic coal shortage, the MoEMR may require coal mining companies to supply coal in excess of the 25% DMO.
2. Coal mining companies that are unable to fulfil the minimum percentage of DMO or do not fulfill the coal sales contract are subject to the following:
   a) *an obligation to pay compensation funds*: for miners which have a coal specification <4,200 kcal/kg GAR, 4,200 kcal/kg GAR up to 5,200 kcal/kg GAR with sulphur content >3%, or >5,200 kcal/kg GAR;
   b) *an obligation to pay fines*: The miners with a coal specification of between 4,200 kcal/kg GAR up to 5,200 kcal/kg GAR with sulphur content ≤3% (coal specification suitable for domestic needs);
   c) *an obligation to pay fines and compensation funds*: for coal miners with coal suitable for domestic needs and with a revised initial RKAB:
      i. to pay fines for shortage of the DMO fulfilment from the initial RKAB;
      ii. to pay compensation funds for the additional shortage of the DMO fulfillment resulting from the difference between the revised RKAB and initial RKAB.

3. Additional sanctions are applied to miners if they do not settle the applicable DMO fines or compensation funds as mentioned above. These sanctions are as follows:
   a) A coal export ban for 30 days.
   b) Where after a coal export ban, the miners still do not fulfil their obligations an administrative sanction of temporarily halting operation production activities for a maximum of 60 days.
   c) Where after a temporary halting period, the miners still do not fulfil their obligations to pay compensation funds and/or fines by the end of the temporary halting period an additional sanction of revocation of the relevant IUP/IUPK or termination of the relevant CCoW.
   d) Where miners are assigned by the MoEMR to supply coal to the domestic market, but fail to comply, a coal export ban sanction until the fulfillment of the domestic coal needs.
4. Establishment of a coal sales price for the supply of electricity for the public interest of US$70/MT Free on Board (FOB) Vessel. This is based on a coal base specification of 6,322 kcal/kg GAR, total moisture of 8%, sulphur content of 0.8%, and an ash content of 15%.
5. The effective date of Decree 267/2022 is 21 November 2022. The previous basis of administrative sanctions, compensation funds and fines under Decree 13/2022 remain effective until the compensation funds or fines are paid by the coal mining companies.

Overall, Decree 267/2022 clarifies sanctions for coal mining entities which are unable to fulfil the DMO requirements, especially in relation to the formula for the calculation of the fines or compensation funds.

However, the coal industry is still waiting for the government to update the mechanism to calculate *Harga Batubara Acuan* ("HBA") and the establishment of the coal Business Service Board (*Badan Layanan Umum* Batubara, "BLU) which is expected to be finalised later in 2023.

The key changes in the administration of the DMO system arising from Decree 267/2022 are as follows:

| No | Key Provisions | Decree 13/2022 (old) | Decree 267/2022 (new) |
|---|---|---|---|
| 1 | DMO requirement | 25% of production target in RKAB | 25% of production target in initial RKAB or revised RKAB (whichever is higher). |
| 2 | Coal sales price for the supply of electricity for the public interest | US$70/MT Free on Board (FOB) Vessel, is based on a coal base specification of 6,322 kcal/kg GAR, total moisture of 8%, Sulphur content of 0.8%, and ash content of 15% | No change. |
| 3 | DMO realisation report | At the latest 10 calendar days after the end of each month. | No change. |
| 4 | Sanctions | - Coal export ban<br>- Administrative sanctions<br>1. temporary halt of operations<br>2. revocation of IUP/IUPK or termination of CCoW | No change. Sanctions under Decree 13/2022 will remain effective if the compensation funds are not paid. |

| No | Key Provisions | Decree 13/2022 (old) | Decree 267/2022 (new) |
|---|---|---|---|
| 5 | Compensation funds | Compensation fund = A x V<br><br>V = (P – R)<br><br>A: compensation tariff (per Appendix I of Decree 13/2022)<br><br>V: volume shortage of DMO (tonnes).<br><br>P: DMO requirement (tonnes).<br><br>R: DMO Realisation (tonnes). | Compensation fund = (Rate Ratio x HPB) x V<br><br>HPB: *Harga Patokan Batubara*<br><br>Rate ratio: national domestic coal sales (tonnes) / national coal sales (tonnes) x difference adjustment (tonnes)<br><br>Adjustment: annual average of actual selling price / annual average of HPB<br><br>V: volume shortage of DMO requirement (tonnes). |
| 6 | Fines | Applicable for coal mining companies unable to fulfil domestic coal sales contracts.<br><br>Fines: A x V<br><br>A: fines tariff (difference between average coal export sales price based on sales agreement and average HPB for the supply of electricity for public interests).<br>V: volume shortage of DMO requirement (tonnes). | Applicable for coal mining companies with a coal specification suitable for domestic market.<br><br>Fines: A x V<br><br>A: fines tariff (the difference between average actual selling price of coal exports and the average HPB for the supply of electricity for public interests).<br><br>V: volume shortage of DMO requirement (tonnes). |

# GR-49/2022 – Update on VAT Status for Certain Mining Products

On 12 December 2022, the government issued Government Regulation No.49/2022 ("GR-49"). GR-49 updates the VAT exemption and/or "not-collected" status for certain deliveries of goods and services following the Harmonisation of Tax Regulations Law ("HPP Law").

The comments set out in this NewsFlash seek to highlight only the changes most relevant to stakeholders in the resources and energy sectors. A detailed analysis of the entire changes under GR-49 is set out in PwC Indonesia Tax Flash No.24/2022 which can be found on our Indonesian website.

From the outset, readers may recall that the HPP Law introduced significant changes to the fundamental VAT features which have been in place for decades. These changes include, the change in "non-VAT-able" status of the following:

1. mining or drilling products taken directly from the source; and
2. gold bars (except for the government's forex reserves).

This means that, by default, the supply and/or import of these products could be subject to VAT.

## Confirmation of VAT-exempt Status for Certain Mining Products

GR-49 now confirms that, while still regarded as VAT-able goods, that supplies of the following mining or drilling products will be exempt from VAT:

1. crude oil;
2. natural gas distributed through a pipeline, not including natural gas that is readily consumed by the public such as LPG;
3. geothermal energy;
4. asbestos, slate, half gemstone, limestone, pumice, gemstone, bentonite, dolomite, feldspar, halite, grafite, granite/andesite, gypsum, calcite, kaolinite, leucite, magnesite, mica, marble, nitrate, obsidian, ocher, sand and gravel, quartz sand, perlite, phosphate, talc, fuller's earth, diatomaceous earth, clay, alum, pozzolan, jarosite, zeolite, basalt, trachyte, and sulfur, the criteria for which will be further stipulated under Ministerial Regulation; and
5. iron ore, tin ore, gold ore, copper ore, nickel ore, silver ore, and bauxite ore.

In addition to the above "raw" mining products, GR-49 confirms the VAT-exempt status of the following gas derivatives:

1. LNG (no change from the pre-existing treatment); and
2. CNG.

It is worth noting that the VAT exemption for the above mining products is automatic, meaning that there is no requirement to obtain a tax exemption certificate (*Surat Keterangan Bebas*) from the Indonesian Tax Office.

From a VAT administration perspective entities making the above VAT-exempt supplies are still required to register as VAT-able firms and to issue VAT invoices (with "exempt" status). In relation to an oil and gas PSC, this obligation would presumably also extend to non-operators, which could result in additional tax administration burdens both for the operator (e.g., to maintain a reconciliation of sales as a basis for issuing the VAT Invoices) and non-operators.

From an Input VAT perspective any input VAT related to the supply of VAT-exempted mining products listed above will not be creditable. The financial impact should therefore be no different to the pre-HPP Law conditions.

For completeness, there is no change in the VAT status of coal which was first introduced as VAT-able goods under the Law No. 11/2020 ("Omnibus Law"), meaning that VAT will still be due on the delivery and/or import of coal. The respective input VAT incurred shall then be creditable.

## Confirmation of VAT Not-collected Status for Gold Bars

On the other hand gold bars (other than those for the government's forex reserves) are now regarded as goods with VAT "not-collected" status. From an output VAT perspective, although there is still no VAT due on the supply (similar to being "VAT-exempt" mining products) the main difference is input VAT incurred in the production of these gold bars is creditable.

For completeness, the definition of gold bars with VAT not-collected status is gold in the shape of bars with at least a 99.99% purity level supported by certificates.

In terms of administration, the entities making supplies of gold bars have similar obligations as for the VAT-exempt supplies (i.e. register as VAT-able firms and issue VAT invoices).

## VAT Exemption on Import and/or Deliveries of Machinery and Equipment

GR-49 maintains the VAT-exempt status on import and/or supply of "strategic" machinery and/or equipment used to produce VAT-able goods by a VAT-able firm. While this remains the same as the pre-existing VAT treatment (under GR-48/2020), the change in the VAT status of the supply of mining products and gold bars (i.e. to VAT-able goods) means that the tax payers may now be eligible to obtain a VAT exemption facility on imports and local purchases of machinery/equipment used in their mining operations.

## Transitional Provisions

GR-49 was effective retroactively from 1 April 2022. Where VAT was already collected for supplies of the VAT-exempt goods listed above from 1 April 2022 up to the issuance of GR-49, the following shall apply:

1. for sellers
   a) the VAT collected remains payable to the State Treasury
   b) the input VAT incurred in relation to the delivery cannot be credited.
   [*PwC Indonesia comment: this non-creditable Input VAT treatment in appears to be inconsistent with the general principle/under the VAT Law, i.e. where delivery is subject to VAT, the input VAT incurred should generally be creditable. We are aware of some industry players who have charged VAT on mining products (which should have been VAT-exempt) and credited the related input VAT during the "transition" period. The intention behind this VAT treatment by the Government remains unclear.*
   *This retrospective change in the VAT position of the mining products may also impact the sellers' books which needs further consideration.]*
2. for buyers
   a) if the buyer is registered as a VAT-able firm the input VAT can be credited
   b) if the buyer is not registered as VAT-able Firm, the VAT paid is considered as tax that should not have been payable (and is perhaps refundable).

## Decree on Expansion of Mining Areas

Mining areas can be expanded for the purpose of conservation and optimisation of mineral and coal resources in areas near the initially granted mining areas. As guidance, the Minister of Energy and Mineral Resources ("MoEMR") issued MoEMR Decree No. 266.K/MB.01/MEM.B/2022 of 2022 on the Guidance of Application, Evaluation, and Processing for the Expansion of a Mining Business Licence Area and a Special Mining Business Licence Area for Mineral and Coal Conservation ("MoEMR Decree 266"), which provides the requirements and procedures for the application to obtain the approval from the Director General of Mineral and Coal of the Ministry of Energy and Mineral Resources ("DGMC of MoEMR") for mining area expansions.

Applications for mining areas shall be submitted along with the required documents**,** which include working plans for the expansion area that has been approved by the DGMC of MoEMR. The DGMC of MoEMR shall evaluate this application and process the approval for the mining areas if all requirements have been fulfilled. It should be noted that MoEMR Decree 266 stipulates the following areas that can be applied for expansion:

1. the total area
   a) being a maximum of 25,000 hectares for a mineral-metal mining business licence area (*Wilayah Izin Usaha Pertambangan* or "**WIUP**")
   b) being a maximum of 15,000 hectares for a coal WIUP
   c) is in accordance with the evaluation result of the MoEMR for a Special Mining Business Licence Area (*Wilayah Izin Usaha Pertambangan Khusus* or "**WIUPK**")
2. the area coincides with a WIUP or a WIUPK, and there is potential for the continuity of coal seams or mineral deposit characteristics.

## Right to Apply for Mining Business Licence upon the Existence of a State Administrative Court Decision

On 21 January 2022, the MoEMR issued Decree No. 15.K/HK.02/MEM.B/2022 on the Issuance Procedure and Registration of a Mining Business Licence ("IUP"; "MoEMR Decree 15"). MoEMR Decree 15 provides the issuance procedure for registration of IUPs**,** especially where related to the application for the IUP upon the existence of state administrative court decisions. The background to the issuance of MoEMR Decree 15 was due to the revocation of several IUPs by the MoEMR. MoEMR Decree 15 regulates related procedures on the application for the IUP upon the existence of a state administrative court decision**,** which has a permanent legal force.

In the event there is a state administrative court decision, a business entity whose IUP was revoked, a business entity whose application for stage upgrade was rejected, or a business entity whose application for an extension was rejected, may submit an application for processing the issuance of the IUP to the MoEMR provided that:

1. the verdict contains;
   a) a declaration of the validity or invalidity of a state administrative decision
   b) an order to revoke or issue a permit
2. a verdict to the administrative and the territorial requirements; and
3. registration of the IUP for metal minerals or coal is carried out after fulfilling the technical, environmental, and financial requirements.

If two different state administrative court decisions have permanent legal force, the DGMC of MoEMR may reassess the WIUP.

In the event that there is a final inspection report from a state institution that has the authority to supervise the implementation of public services, a business entity that experiences delays in licensing services until the expiration of its IUP period can submit an application for processing the issuance of an IUP. This is provided that there is a final inspection report from the authorisation of state authority indicating that there has been "maladministration" in licensing processing and requesting corrective action to issue permits.

# Your PwC Indonesia EU&R Contacts:

## Assurance



**Sacha Winzenried**
sacha.winzenried@pwc.com


**Daniel Kohar**
daniel.kohar@pwc.com


**Dedy Lesmana**
dedy.lesmana@pwc.com


**Elvia Afkar**
elvia.afkar@pwc.com


**Firman Sababalat**
firman.sababalat@pwc.com


**Heryanto Wong**
heryanto.wong@pwc.com


**Irwan Lau**
irwan.lau@pwc.com


**Toto Harsono**
toto.harsono@pwc.com


**Yanto Kamarudin**
yanto.kamarudin@pwc.com


**Yusron Fauzan**
yusron.fauzan@pwc.com


**Aditya Warman**
aditya.warman@pwc.com


**Andi Harun**
andi.harun@pwc.com


**Dodi Putra**
putra.dodi@pwc.com


**Feliex Taner**
feliex.taner@pwc.com


**Lanny Then**
lanny.then@pwc.com


**Lukman Chandra**
lukman.chandra@pwc.com


## Tax



**Alexander Lukito**
alexander.lukito@pwc.com


**Antonius Sanyojaya**
antonius.sanyojaya@pwc.com


**Gadis Nurhidayah**
gadis.nurhidayah@pwc.com


**Peter Hohtoulas**
peter.hohtoulas@pwc.com


**Suyanti Halim**
suyanti.halim@pwc.com


**Tim Watson**
tim.robert.watson@pwc.com


**Turino Suyatman**
turino.suyatman@pwc.com


**Omar Abdulkadir**
omar.abdulkadir@pwc.com


**Otto Sumaryoto**
otto.sumaryoto@pwc.com


**Raemon Utama**
raemon.utama@pwc.com


**Tjen She Siung**
Tjen.she.siung@pwc.com


## Advisory



**Agung Wiryawan**
agung.wiryawan@pwc.com


**Joshua R. Wahyudi**
joshua.r.wahyudi@pwc.com


**Julian Smith**
smith.julian@pwc.com


**Michael Goenawan**
michael.goenawan@pwc.com


**Mirza Diran**
mirza.diran@pwc.com


**Hafidsyah Mochtar**
hafidsyah.mochtar@pwc.com


## Consulting



**Pieter van de Mheen**
pieter.van.de.mheen@pwc.com


**Peyush Dixit**
peyush.dixit@pwc.com


**Widita Sardjono**
widita.sardjono@pwc.com


**Paul van der Aa**
paul.vanderaa@pwc.com


**Yandi Irawan**
yandi.irawan@pwc.com


## Legal



**Danar Sunartoputra**
danar.sunartoputra@pwc.com


**Indra Allen**
indra.allen@pwc.com


**Melli Darsa**
melli.darsa@pwc.com


**Puji Atma**
puji.atma@pwc.com


## www.pwc.com/id

PwC Indonesia

@PwC_Indonesia


This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwC Indonesia, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

The documents, or information obtained from PwC, must not be made available or copied, in whole or in part, to any other persons/parties without our prior written permission which we may, at our discretion, grant, withhold or grant subject to conditions (including conditions as to legal responsibility or absence thereof).

PwC Indonesia is comprised of KAP Tanudiredja, Wibisana, Rintis & Rekan, PT PricewaterhouseCoopers Indonesia Advisory, PT Prima Wahana Caraka, PT PricewaterhouseCoopers Consulting Indonesia, and PwC Legal Indonesia, each of which is a separate legal entity and all of which together constitute the Indonesian member firm of the PwC global network, which is collectively referred to as PwC Indonesia.

© 2023 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see http://www.pwc.com/structure for further details.