

Dated: February 25, 2021

Management of the Energy and Mineral Resources Sector on Republic of Indonesia Government Regulations No. 25 Year 2021

The Indonesian government officially issued 0% royalty rules for coal entrepreneurs. The royalty exemption regulations for coal mining companies that are officially downstream apply. This is in line with the issuance of a derivative of Law No. 11 Year 2020 concerning Job Creation, namely Republic of Indonesia Government Regulations No. 25 Year 2021 concerning the Management of the Energy and Mineral Resources Sector.

Royalty exemption is stated in Chapter II Article 3. It is written that the holder of a production operation mining business license, a production operation special mining business permit (IUPK), and an IUPK as a continuation of a contract operation that carries out activities to increase the added value of coal can be given a royalty of 0%.

The imposition of a royalty of 0% will consider energy independence and fulfillment of industrial raw material needs. The royalty exemption is based on the volume of coal used for value-added activities.

Further provisions regarding added-value enhancement activities, the amount, requirements, and procedures for their imposition will be regulated in a ministerial regulation. The amount, requirements, and procedures for imposition of a royalty of 0% must first be approved by the Minister of Finance.

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