

PROCEDURES FOR IMPOSING LAND AND BUILDING TAX OF MINING SECTOR ON MINERAL AND COAL MINING

(Regulation of the Director General of Taxation Number PER-47/PJ/2015, dated December 22, 2015)

THE DIRECTOR GENERAL OF TAXATION,

Considering:

- a. that several provisions on procedures for the imposition of Land and Building Tax of Mining Sector on Mineral and Coal Mining have been regulated in Regulation of the Director General of Taxation Number PER-32/PJ/2012 on Procedures for Imposing Land and Building Tax of Mining Sector on Mineral and Coal Mining;
- b. that in the framework of enhancing the effectiveness and efficiency of procedures for the imposition of land and building tax of mining sector on mineral and coal mining, as well as legal certainty for taxpayers, it is necessary to amend provisions on procedures for imposing land and building tax of mining sector on mineral and coal mining;
- c. that having regards to letters a and b, it is necessary to stipulate a regulation of the Director General of Taxation on Procedures for the Imposition of Land and Building Tax of Mining Sector on Mineral and Coal Mining;

In view of:

1. Law Number 12 Year 1985 on Land and Building Tax (Statute Book of the Republic of Indonesia Year 1985 Number 68, Supplement Statute Book of the Republic of Indonesia Number 3312) as already amended by Law Number 12 Year 1994 (Statute Book of the Republic of Indonesia Year 1994 Number 62, Supplement Statute Book of the Republic of Indonesia Number 3569);
2. Regulation of the Minister of Finance Number 139/PMK. 03/2014 on Classification and Stipulation of Selling Value of Tax Object as Basis for the Imposition of Land and Building Tax;

DECIDES:

To stipulate:

THE REGULATION OF THE DIRECTOR GENERAL OF TAXATION ON PROCEDURES FOR IMPOSING LAND AND BUILDING TAX OF MINING SECTOR ON MINERAL AND COAL MINING.

Article 1

Referred to in this regulation as:

1. Imposition shall be an activity stipulating taxpayer and amount of tax payable for land and building tax of mining sector on mineral and coal mining on the basis of the provision of land and building taxation legislation.
2. Land and Building Tax of Mining Sector on Mineral and Coal Mining hereinafter called PBB Mineral and Coal shall be land and building tax on the land and/or building located in area used for mineral and coal mining business activity.
3. Administration of Tax Object of PBB Mineral and Coal shall be a series of activities covering the collection of tax object data, administration of tax object, valuation, calculation of the selling value of tax object, stipulation and collection.
4. Mineral shall be inorganic compound established in the nature, having specified physical and chemical characteristics as well as regular crystal composition or combination thereof, which forms rocks, either broken or integrated, covering metal mineral, non metal minerals and rocks.
5. Coal shall be sediment of carbonized organic compound established naturally from the rest of plants.
6. Exploration shall be a phase of mining business activity to obtain detailed and accurate information about location, model, dimension, distribution, quality and measurable resources of minerals, as well as information about social and life environmental.
7. Production Operation shall be a phase of mining business activity, which covers construction, mining, processing, refinery, including the hauling and sales, as well as facilities controlling environmental impact in accordance with result of feasibility study.
8. Mining Business License Area hereinafter abbreviated to WIUP shall be an area granted to holder of mining business license.
9. Special Mining Business License Area hereinafter abbreviated to WIUPK shall be an area granted to holder of special mining business license.
10. Smallholder Mining Business Area hereinafter abbreviated to WPR shall be a part of the mining area where smallholder mining business activity is executed.

11. Mining Area shall be an area having mineral and/or coal potential and not related to limit of administration jurisdiction, which constitutes a part of national spatial layout.
12. Mining Business Area shall be a mining area granted to holder of mining license to carry out mining business activity, covering WIUP, WIUPK, or WPR.
13. Similar Mining Area shall be a mining area already granted to holder of contract of work or coal contract of work which remains valid.
14. Mining Business License hereinafter abbreviated to IUP shall be a license to undertake mining business in WIUP.
15. Special Mining Business License hereinafter abbreviated to IUPK shall be a license to undertake mining business in WIUPK.
16. Smallholder Mining License hereinafter abbreviated to IPR shall be a license to undertake mining business in WPR with the limited acreage and investment.
17. Productive Area shall be an area of mining activity where mineral is extracted.
18. Production Reserve Area shall be an area utilized for mining activity but mineral mining not yet executed.
19. Not Yet Utilized Area shall be an area not yet utilized for mining activity or area currently undergoing general survey, exploration and/or feasibility study.
20. Unproductive Area shall be an area which cannot be managed at all for mining activity, or area already exploited.
21. Emplacement Area shall be an area having surface utilized for building and/or yard as well as supporting facilities.
22. Security Area shall be an area utilized to support and secure mining business activity.
23. Area of Onshore Tax Object shall be land and/or isolated waters in area used for mineral and coal mining business activity, which is subject to PBB Mineral and Coal, consisting of Area Not Yet Productive, Unproductive Area, Emplacement Area and Security Area.
24. Area of Offshore Tax Object shall be offshore area inside area used for mineral and coal mining business activity, which is subject to PBB Mineral and Coal.
25. Other Area shall be land and isolated waters (onshore) or offshore in mining business area or similar mining area not subject to PBB as governed in Article 3 Paragraph (1) of Law Number 12 Year 1985 on Land and Building Tax as already amended by Law Number 12 Year 1994, and/or having right not owned and benefit not obtained by tax subject or taxpayer for mineral and coal mining business activity.

26. Earth Organ of Exploration shall be earth organ in mining business area or similar mining area wherein mining activity of the exploration phase is undergoing.
27. Earth Organ of Production Operation shall be earth organ in mining business area or similar mining area wherein mining activity of the production operation phase is undergoing.
28. Benchmark Price of Metal Minerals hereinafter abbreviated to HPM Metal shall be the price of metal minerals which is counted on the basis of formula for the stipulation of benchmark price of metal mineral which is stipulated by the ministry in charge of energy and mineral affairs, at sale point Free on Board of vessel (vessel) for each metal mineral mining commodity.
29. Benchmark Price of Non-Metal Mineral shall be a benchmark price of non metal mineral which is stipulated for each mining commodity in one province by governor.
30. Benchmark Price of Rock shall be benchmark price of rocks stipulated for each mining commodity in one regency by regent/mayor.
31. Benchmark Price of Coal hereinafter abbreviated to HPB shall be benchmark price of coal for steam (thermal) coal and coking (metallurgical) coal, which is counted on the basis of formula for the stipulation of the benchmark price of coal, which is stipulated by the minister in charge of energy and mineral resources affairs at at sale point Free on Board of vessel.
32. Capitalization Index shall be a specified multiplying figure used to convert the net production proceeds of mining product in one year before the tax year into the value of earth organ of production operation.
33. Selling value of Tax Object hereinafter abbreviated to NJOP shall be the average price obtained from rational transaction and in the case of the absence of transaction, NJOP is stipulated through the comparison of price with other object of the same kind, or the new acquisition price or Substitute NJOP.
34. Letter of Notification about Tax Object of PBB Mineral and Coal hereinafter called SPOP shall be a letter used by tax subject or taxpayer to report data about tax object of mining sector for mineral and coal mining to the Directorate General of Taxation.
35. Attachment to Letter of Notification about Tax Object of PBB Mineral and Coal hereinafter called LSPOP shall be a form used by tax subject or taxpayer to report the detailed data about tax object of the mining sector for mineral and coal mining.
36. Tax Returns hereinafter abbreviated to SPPT shall be a letter used by the Directorate General of Taxation to inform taxpayer of the amount of PBB payable.

Article 2

- (1) Tax Object of PBB Mineral and Coal shall be land and/or building inside area used for mineral and coal mining business activity.
- (2) The land as meant in paragraph (1) shall consist of:
 - a. earth surface, covering:
 - 1) land and/or mainland waters (onshore);
 - 2) offshore waters (offshore); and
 - b. earth organ subordinate to earth surface.
- (3) The building as meant in paragraph (1) shall constitute technical construction planted or affixed permanently to land and/or waters.
- (4) The area used for mineral and coal mining business activity as meant in Paragraph (1) shall cover:
 - a. mining business area or similar mining area; and
 - b. area outside mining license area or similar mining area which is used for mineral and coal mining business activity and connected physically with area inside mining license area or similar mining area subject to PBB Mineral and Coal.
- (5) The mineral and coal mining business activities as meant in paragraph (1) shall cover exploration and production operation granted IUP, IUPK, IPR, or other license of the same kind.

Article 3

- (1) The onshore earth surface as meant in Article 2 Paragraph (2) Letter a point 1) shall cover:
 - a. onshore tax-object area, namely:
 - 1) Area not yet productive, consisting of production reserve area and area not yet utilized;
 - 2) Unproductive Area;
 - 3) Emplacement Area; and
 - 4) Security Area;
 - b. Productive Area; and
 - c. Other Area.
- (2) The offshore earth surface as meant in Article 2 Paragraph (2) Letter a point 2) shall cover:
 - a. offshore tax-object area; and
 - b. other area.

(3) The earth organ as meant in Article 2 Paragraph (2) Letter b shall be in the form of:

- a. earth organ of exploration; or
- b. earth organ of production operation.

Article 4

- (1) Tax subject of PBB Mineral and Coal shall be person or entity concretely having a right to earth, and/or securing benefit of earth and/or having, controlling and/or securing benefit from building, for tax object of PBB Minerals and Coal.
- (2) The taxpayers of PBB Minerals and Coal shall be the tax subject as meant in paragraph (1) subject to the obligation to pay PBB Minerals and Coal.

Article 5

- (1) Tax subjects shall register tax objects of PBB Mineral and Coal or taxpayer shall update data about tax object of PBB Mineral and Coal by completing SPOP and LSPOP clearly, truthfully and completely as well as enclosing supporting documents, minimally work plan and budget (RKAB).
- (2) LSPOP as meant in paragraph (1) shall constitute a part inseparable from SPOP.
- (3) SPOP as meant in paragraph (1) shall consist of SPOP PBB Mineral and Coal for onshore, offshore and earth organ.
- (4) SPOP PBB Mineral and Coal as meant in paragraph (3), in the case of:
 - a. onshore, shall be accompanied by:
 - 1) LSPOP PBB Mineral and Coal Onshore;
 - 2) LSPOP PBB Mineral and Coal General Building; and/or
 - 3) LSPOP PBB Mineral and Coal Special Building;
 - b. offshore, shall be accompanied by:
 - 1) LSPOP PBB Mineral and Coal Offshore;
 - 2) LSPOP PBB Mineral and Coal General Building; and/or
 - 3) LSPOP PBB Mineral and Coal Special Building;
 - c. earth organ, shall be accompanied by:
 - 1) LSPOP PBB Minerals and Coal Earth Organ; and
 - 2) LSPOP PBB Mineral and Coal Detail of Production Cost of Minerals.

Article 6

- (1) The administration of tax object of PBB Mineral and Coal located in onshore tax-object area and/or earth organ below the onshore tax-object area shall be done by:
 - a. Primary Tax Service Office by regency/city or Jakarta Capital Special Region, having work area covering the location of tax object; or
 - b. Primary Tax Service Office appointed on the basis of decision of the Director General of Taxation in the case of the tax object being located in more than one work area of primary tax service office in one regency/city.
- (2) In the case of tax object of PBB Mineral and Coal being located in Onshore Tax Object Area and Offshore Tax Object Area and/or earth organ below the onshore and offshore tax object area, the administration shall be executed by Primary Tax Service Office overseeing the onshore tax object area.
- (3) In the case of tax object of PBB Mineral and Coal being located inside offshore tax object area and/or earth organ below the offshore tax object area, the administration shall be executed by Tax Service Office appointed on the basis of decision of the Director General of Taxation.

Article 7

- (1) The amount of PBB Mineral and Coal payable shall be counted by multiplying the tax rate with the taxable selling value.
- (2) The taxable selling value as meant in paragraph (1) shall constitute a specified percentage of NJOP having amount determined on the basis of government regulation ruling the stipulation of the amount of taxable selling value.
- (3) NJOP as meant in paragraph (2) shall constitute the sum of NJOP Earth and NJOP Building.

Article 8

- (1) NJOP Earth as meant in Article 7 Paragraph (3) in the case of:
 - a. earth surface shall constitute a result of the multiplication between the total acreage of tax object subject to tax and NJOP earth per square meter;
 - b. earth organ of exploration shall constitute a result of the multiplication of acreage of mining license area and NJOP Earth per square meter;
 - c. earth organ of production operation shall constitute a result the multiplication of acreage of mining business area and NJOP Earth per square meter.

- (2) NJOP Earth per square meter as meant in paragraph (1) shall constitute a result of the conversion of the value of earth per square meter into the classification of NJOP Earth as meant in regulation of the Minister of Finance on the classification of NJOP Earth.
- (3) The value of earth per square meter as meant in paragraph (2) in the case of:
- earth surface, shall constitute result of the division between the total value of earth for earth surface and the total acreage of the tax object subject to tax;
 - earth organ of exploration, shall be stipulated by decision of the Director General of Taxation;
 - earth organ of production operation, shall constitute a result of the division of the value of earth for earth organ of production operation and acreage of mining license area.
- (4) The total value of earth for earth surface as meant in paragraph (3) Letter a shall constitute the sum of the multiplication of acreage of each tax object area subject to the tax and the value of earth per square meter of the respective tax object area.
- (5) The value of earth per square meter of each tax object area as meant in paragraph (4), which is in the form of:
- area not yet utilized and emplacement area, shall be determined through the comparison of the similar land price;
 - production reserve area, unproductive area, security area shall be determined through the adjustment to the value of earth per square meter in the case of the area being not yet utilized;
 - offshore tax-object area shall be stipulated by decision of the Director General of Taxation.
- (6) The value of earth in the case of earth organ of production operation, as meant in paragraph (3) Letter c, shall be set as much as the net production proceeds of mining product in one year before the tax year, which is multiplied by the capitalization index.
- (7) The net production proceeds of mining products as meant in paragraph (6) shall be set as much as gross income subtracted by the production cost of mining product for the said tax object.
- (8) The capitalization index as meant in paragraph (6) shall be stipulated by a decision of the Director General of Taxation.
- (9) The gross income as meant in paragraph (1) shall constitute a result of the multiplication between the selling price of mining products and the mined production in one year before the tax year.

Article 9

- (1) NJOP of building as meant in Article 7 Paragraph (3) shall constitute a result of the multiplication between

- the total acreage of building and NJOP of building per square meter.
- (2) NJOP of building per square meter as meant in paragraph (1) shall constitute a result of the conversion of the value of building per square meter into the classification of NJOP of building as meant in Regulation of the Minister of Finance on the classification of i NJOP of building.
 - (3) The value of building per square meter as meant in paragraph (1) shall constitute a result of the division between the total value of building and the total acreage of building.
 - (4) The total value of building as meant in paragraph (2) shall constitute the total value of each.
 - (5) The value of each building as meant in paragraph (4) shall be set at much as the new development cost after being subtracted by depreciation.

Article 10

- (1) The selling value of mining products as meant in Article 8 paragraph (9) shall constitute the average selling value of:
 - a. metal mineral;
 - b. non metal mineral;
 - c. rocks; or
 - d. coal,
 in one year before the tax year.
- (2) The average selling price of metal minerals, non metal minerals, rocks and coal as meant in paragraph (1) shall constitute the average selling price agreed by buyer and seller in one year before the tax year.
- (3) In the case of the selling price as meant in paragraph (1) being influenced by special relations, the selling price shall be counted on the basis of the rational market price.
- (4) In the case of the average selling price of minerals as meant in paragraph (1) Letter a being lower than the average HPM Metal in one year before the tax year, the average selling price of metal minerals shall constitute the average HPM Metal in one year before the tax year.
- (5) In the case of the average selling price of non-metal minerals as meant in paragraph (1) Letter b being lower than the average benchmark price of non-metal minerals in one year before the tax year, the average selling price of non-metal minerals shall constitute the average benchmark price of non-metal minerals in one year before the tax year.
- (6) In the case of the average selling price of rocks as meant in paragraph (1) Letter c being lower than the average benchmark price of coal in one year before the tax year, the average selling price of coal shall

- constitute the average benchmark price of rocks in one year before the tax year.
- (7) In the case of the average selling price of coal as meant in paragraph (1) Letter d being lower than the average HPB in one year before the tax year, the average selling price of coal shall constitute the average HPB in one year before the tax year.
- (8) In the case of mining products constituting coal of specified kind, coal for specified purpose or coal for power plant mine mouth, HPB shall refer to the formula for the stipulation of the benchmark price or price of coal regulated by the ministry in charge of energy and mineral resources affairs.
- (9) In the case of at sale point being outside the point of Free on Board vessel, HPM Metal as meant in paragraph (4) and HPB as meant in paragraph (7) shall consider the amount of the adjustment cost of HPM Metal or HPB stipulated by the ministry in charge of energy and mineral resources affairs.
- (10) In the case of the selling price of mining production as meant in paragraph (1) using unit of the US Dollar (USD), it shall be converted into the Rupiah on the basis of the exchange rate of currencies on January 1 of the tax year as set forth in Decree of the Minister of Finance.
- (11) Kinds of metal minerals, non-metal minerals or rocks as meant in paragraph (1) shall refer to the provision regulated by the ministry in charge of energy and mineral resources affairs.

Article 11

- (1) The production cost of mining products as meant in Article 8 Paragraph (7) shall be in the form of direct cost for:
- the peeling of soil layer;
 - the taking of production results;
 - the processing and purification of mining production; and/or
 - the hauling of mining production,
- in one year before the tax.
- (2) The cost of soil layer peeling as meant in paragraph (1) Letter a:
- shall constitute a cost needed to peel soil layer during the production operation activity;
 - shall consist of the cost of soil scaping/pulling, digging/loading, and/or hauling from extraction location to stockpile.
- (3) The cost of the taking of mining production as meant in paragraph (1) Letter b:
- shall constitute a cost for the taking of mining production by method according to characteristic and nature of the mining production;

- b. shall consist of the cost of extraction, spraying by water, the operation of heavy equipment (shovel and bulldozer), dredging by dredging ship and/or explosion.
- (4) The cost of the processing and/or purification of mining production as meant in paragraph (1) Letter c, shall be in the form of:
- a. the cost of cleaning and separation of the main production product from associated minerals by water, chemical substance (chemical process), washer or filter; and/or
 - b. the cost of the forming of unit/size of mining production, consisting of the cost for the crashing of large-scale mining production to become a size according to the size stipulated by the company, using crusher; and/or
 - c. the cost of the enhancement of quality of mining production.
- (5) The cost of the hauling of mining production as meant in paragraph (1) Letter d:
- a. shall constitute cost related to activity carrying mining production from mining location to collecting station, jetty, vessel and/or end-user;
 - b. shall cover cost of:
 - 1) hauling by using dump truck, train, barge or conveyor belt;
 - 2) sea transport by using barge or vessel;
 - 3) surveyor; and/or
 - 4) insurance.
- (6) In the case of the costs using foreign currency unit in financial statement, the costs shall be converted into the Rupiah on the basis of the exchange rate of currency on January 1 of the tax year as set forth in Decree of the Minister of Finance.

Article 12

- (1) Head of Primary Tax Service as meant in Article 6 shall stipulate the amount of tax payable for PBB Mineral and Coal by issuing SPPT.
- (2) SPPT as meant paragraph (1) shall consist of:
 - a. SPPT onshore;
 - b. SPPT offshore; or
 - c. SPPT earth organ.
- (3) SPPT as meant in paragraph (1) shall be submitted to taxpayer in no later than the second week of June in tax year.

Article 13

- (1) In the case of tax subject or taxpayer already submitting SPOP and LSPOP to Primary Tax Service Office before this regulation comes into force, SPOP and LSPOP shall be declared void.
- (2) The primary tax service office as meant in paragraph (1) shall send back SPOP and LSPOP in accordance with the provision in this regulation to tax subject or taxpayer.

Article 14

Model of form:

1. SPOP PBB Mineral and coal shall be as set forth in Attachment I to this regulation;
2. LSPOP PBB Mineral and Coal Onshore (code L01-41), shall be as set forth in Attachment II to this regulation.
3. LSPOP PBB Mineral and Coal Offshore (code L01-42), shall be as set forth in Attachment III to this regulation.
4. LSPOP PBB Mineral and Coal General Building (Code L02-41), shall be as set forth in Attachment IV to this regulation.
5. LSPOP PBB Mineral and Coal Special Building (Code L02-42), shall be as set forth in Attachment V to this regulation.
6. LSPOP PBB Mineral and Coal Earth Code (Code L03-41), shall be as set forth in Attachment VI to this regulation.
7. LSPOP PBB Mineral and Coal Detail of Production Cost of Mining Product (Code L03-42), shall be as set forth in Attachment VII to this regulation.

Which constitute a part inseparable from this regulation.

Article 15

With the enforcement of this regulation, Regulation of the Director General of Taxation Number PER-32/PJ/2012 on Procedures for Imposing Land and Building Tax of Mining Sector on Mineral and Coal Mining shall be revoked and declared null and void.

Article 16

With the enforcement of this regulation, all technical directives referring to Regulation of the Director General of Taxation Number PER-32/PJ/2012 on Procedures for Imposing Land and Building Tax of Mining

Sector on Mineral and Coal Mining shall be declared to remain valid as long as they are not contradictory to or have not been replaced by the new ones on the basis of this regulation.

Article 17

The regulation shall come into force on January 1, 2016.

Stipulated in Jakarta

On December 22, 2015

Acting DIRECTOR GENERAL OF TAXATION,

sgd.

KEN DWIJUGIASTEADI

Editor's note:

- Due to technical reason, the attachments are not published.

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