

IN THIS ISSUE

| INCOME TAX | | | |
|--|----------------|--|----------------|
| Number | Date | Regarding | Effective Date |
| 130/PMK.011/2011 | 15 August 2011 | Corporate Income Tax exemption and reduction | 15 August 2011 |
| <p>Income Tax Facility</p> <p>In this regulation is further regulated that the Corporate Income Tax exemption can be granted for a minimum period of 5 (five) years and a maximum period of 10 (ten) years since the beginning of commercial production.</p> <p>After the tax exemption ended, the taxpayers will be granted with additional Corporate Income Tax reduction as much as 50% from Income Tax payable for a period of 2 (two) years.</p> <p>Based on certain consideration, Minister of Finance has the authority to extend the Corporate Income Tax exemption more than a period of 10 (ten) years and Corporate Income Tax reduction from Income Tax payable more than a period of 2 (two) years.</p> <p>Requirements</p> <p>The taxpayer that can be granted with the said facility must a newly established company with certain criteria:</p> <ol style="list-style-type: none">1. a pioneer industry2. has a minimum new investment plan of at least IDR 1 trillion3. deposit a minimum capital at Indonesian bank as much as 10% from total investment capital plan and4. a legal entity in accordance with Indonesian Law which established 12 (twelve) months before this regulation is effective or established since or after this regulation is taking effect. <p>Industrial Sector</p> <p>The said industrial sectors are:</p> <ol style="list-style-type: none">1. basic metal industry2. oil refinery industry and or basic organic chemistry industry derived from natural oil and gas3. machinery industry4. renewable energy resources industry, and or5. telecommunication equipments industry <p>Procedure</p> <p>The taxpayer can submit to the Minister of Industry or Head of Investment Coordinating Board (BKPM) to be proposed to the Minister of Finance by enclosing the following copy of documents:</p> <ol style="list-style-type: none">1. Tax ID Number2. approval letter of new capital investment from BKPM and3. certificate of deposit at Indonesian Bank <p>The said facility must be proposed in the period of 3 (three) years since the regulation is taking effect.</p> <p>Exemption</p> <p>The taxpayer that has been granted with the Income Tax facility article 31A of Income Tax Law can not be granted with this tax exemption or reduction and vice versa.</p> | | | |

Disclaimer:

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.

LIST OF REGULATION AUGUST 2011

| NO | REGULATION NUMBER | DATE | EFFECTIVE DATE | REGARDING |
|----|-------------------|----------------|----------------|---|
| 1 | 130/PMK.011/2011 | 15 AUGUST 2011 | 15 AUGUST 2011 | CORPORATE INCOME TAX EXEMPTION AND REDUCTION |
| 2 | PER-20/PJ/2011 | 5 AUGUST 2011 | 5 AUGUST 2011 | SECOND AMMENDMENT ON PER-9/PJ/2008 REGARDING THE PLACE OF REGISTRATION FOR CERTAIN TAXPAYERS AND/OR PLACE OF BUSINESS REPORT FOR CERTAIN TAXABLE ENTREPRENEURS |
| 3 | KEP-177/PJ/2011 | 5 AUGUST 2011 | 5 AUGUST 2011 | PARTIAL REVOCATION ON KEP-15/PJ/2008 REGARDING PLACE OF REGISTRATION FOR CERTAIN TAXPAYERS AND/OR PLACE OF BUSINESS REPORT FOR TAXABLE ENTREPRENEURS AT TAX OFFICES IN SPECIAL REGIONAL JAKARTA TAX OFFICE |
| 4 | SE-51/PJ/2011 | 5 AUGUST 2011 | 5 AUGUST 2011 | THE BOOK OF BENDAHARA MAHIR PAJAK |
| 5 | SE-50/PJ/2011 | 3 AUGUST 2011 | 3 AUGUST 2011 | THE CONFIRMATION ON THE TIME OF TAXABLE GOODS AND/OR TAXABLE SERVICE DELIVERY AS THE BASIS OF VAT PAYABLE AND THE ISSUANCE OF TAX INVOICE. |
| 6 | SE-49/PJ/2011 | 3 AUGUST 2011 | 3 AUGUST | THE DELIVERY OF MINISTER OF FINANCE REGULATION NUMBER 30/PMK.03/2011 REGARDING THE AMENDMENT OF MINISTER OF FINANCE NUMBER 70/PMK.03/2010 REGARDING THE DEFINITION OF ACTIVITIES AND KINDS OF SERVICE HAVING EXPORT THEREOF SUBJECT TO VAT. |
| 7 | SE-48/PJ/2011 | 3 AUGUST 2011 | 3 AUGUST 2011 | THE PROCEDURE TO IMPOSE THE LAND AND BUILDING TAX ON MINING SECTOR OTHER THAN GEOTHERMAL AND TYPE C MINING |

Taxation News

5 industrial sectors get tax holiday

The Government has decided the 5 industrial sectors to get the tax holiday with capital investment at least IDR 1 trillion. The five industrial sectors are basic metal industry, oil refinery industry and/or basic organic chemistry derived from natural oil and gas, machinery industry, renewable energy resources industry and/or telecommunication equipments industry.

SBY has targeted the 2012 tax revenue IDR 1.019 Trillion.

The President SBY has conveyed the 2012 state revenue draft target, which one of them is the tax revenue target in 2012 as much as IDR 1.019 trillion. It is equal with 79% of total state revenue. To be able to reach the target, The Government must continue to take the tax reformation step.

The tax holiday can attract the exporter countries of capital goods.

The tax holiday policy can attract the exporter countries of capital goods to invest in Indonesia. The Indonesia capital goods importation has reached 18% from total importation. The trend of capital goods importation will climb from year to year

200 tax officers will be relocated.

The Ministry of Finance will relocate around 200 tax officers to the Regional Government to assist the tax collection for BPHTB and PBB since those taxes are not under the Central Government authorization anymore.

The Small and Middle Scale Business (UKM) with revenue until IDR 4,8 billion will be imposed with income tax 3%.

The DGT is finalizing the income tax for the UKN sector with the revenue until 4,8 billion. The rate will be 3% thus the UKM will pay tax smaller. The respond from UKM player and association are still positive.

Address:

Menara Rajawali 11th floor

Jl. Mega Kuningan Lot#5.1 Jakarta Selatan 12950

T : +6221 5762601

F : +6221 5762602

contact person : johan@mmstax.com

Tax Exchange Rate

Based on Minister of Finance
No. 510/KM.1/2011 date 29 July 2011
For period : 1 August 2011 - 7 August 2011

| Currency | Unit | Value |
|--------------------------------|------|----------|
| Dollar Amerika Serikat [USD] | 1 | 8503.00 |
| Dolar Australia [AUD] | 1 | 9322.69 |
| Dolar Canada [CAD] | 1 | 8973.57 |
| Kroner Denmark [DKK] | 1 | 1639.44 |
| Dolar Hongkong [HKD] | 1 | 1091.28 |
| Ringgit Malaysia [MYR] | 1 | 2878.00 |
| Dolar Selandia Baru [NZD] | 1 | 7389.45 |
| Kroner Norwegia [NOK] | 1 | 1575.12 |
| Poundsterling Inggris [GBP] | 1 | 13890.33 |
| Dolar Singapura [SGD] | 1 | 7061.47 |
| Kroner Swedia [SEK] | 1 | 1345.34 |
| Franc Swiss [CHF] | 1 | 10577.71 |
| Yen Jepang [JPY] | 100 | 10896.25 |
| Kyat Burma [BUK] | 1 | 1321.15 |
| Rupee India [INR] | 1 | 192.43 |
| Dinar Kuwait [KWD] | 1 | 31133.41 |
| Rupee Pakistan [PKR] | 1 | 98.36 |
| Peso Philipina [PHP] | 1 | 201.31 |
| Riyad Saudi Arabia [SAR] | 1 | 2267.33 |
| Rupee Srilanka [LKR] | 1 | 77.69 |
| Baht Thailand [THB] | 1 | 285.99 |
| Dolar Brunei D. [BND] | 1 | 7066.17 |
| EURO [EUR] | 1 | 12216.43 |
| Yuan China [CNY] | 1 | 1319.72 |
| Won Korea [KRW] | 1 | 8.08 |

Based on Minister of Finance
No. 823/KM.1/2011 dated 5 August 2011
For period : 8 August 2011 - 14 August 2011

| Currency | Unit | Value |
|--------------------------------|------|----------|
| Dollar Amerika Serikat [USD] | 1 | 8483.00 |
| Dolar Australia [AUD] | 1 | 9064.33 |
| Dolar Canada [CAD] | 1 | 8759.91 |
| Kroner Denmark [DKK] | 1 | 1616.19 |
| Dolar Hongkong [HKD] | 1 | 1087.84 |
| Ringgit Malaysia [MYR] | 1 | 2852.46 |
| Dolar Selandia Baru [NZD] | 1 | 7252.75 |
| Kroner Norwegia [NOK] | 1 | 1557.22 |
| Poundsterling Inggris [GBP] | 1 | 13830.11 |
| Dolar Singapura [SGD] | 1 | 6998.51 |
| Kroner Swedia [SEK] | 1 | 1317.84 |
| Franc Swiss [CHF] | 1 | 11034.04 |
| Yen Jepang [JPY] | 100 | 10897.67 |
| Kyat Burma [BUK] | 1 | 1316.33 |
| Rupee India [INR] | 1 | 191.46 |
| Dinar Kuwait [KWD] | 1 | 31074.62 |
| Rupee Pakistan [PKR] | 1 | 98.03 |
| Peso Philipina [PHP] | 1 | 201.13 |
| Riyad Saudi Arabia [SAR] | 1 | 2261.98 |
| Rupee Srilanka [LKR] | 1 | 77.45 |
| Baht Thailand [THB] | 1 | 284.35 |
| Dolar Brunei D. [BND] | 1 | 7003.59 |
| EURO [EUR] | 1 | 12038.89 |
| Yuan China [CNY] | 1 | 1318.01 |
| Won Korea [KRW] | 1 | 8.01 |

Based on Minister of Finance
 No. 880/KM.1/2011 dated 12 August 2011
 For period : 15 August 2011 - 21 August 2011

| Currency | Unit | Value |
|--------------------------------|------|----------|
| Dollar Amerika Serikat [USD] | 1 | 8542.00 |
| Dolar Australia [AUD] | 1 | 8792.48 |
| Dolar Canada [CAD] | 1 | 8645.81 |
| Kroner Denmark [DKK] | 1 | 1635.14 |
| Dolar Hongkong [HKD] | 1 | 1094.69 |
| Ringgit Malaysia [MYR] | 1 | 2840.04 |
| Dolar Selandia Baru [NZD] | 1 | 7057.94 |
| Kroner Norwegia [NOK] | 1 | 1557.27 |
| Poundsterling Inggris [GBP] | 1 | 13908.66 |
| Dolar Singapura [SGD] | 1 | 7037.90 |
| Kroner Swedia [SEK] | 1 | 1317.12 |
| Franc Swiss [CHF] | 1 | 11442.89 |
| Yen Jepang [JPY] | 100 | 11098.52 |
| Kyat Burma [BUK] | 1 | 1331.81 |
| Rupee India [INR] | 1 | 188.92 |
| Dinar Kuwait [KWD] | 1 | 31318.86 |
| Rupee Pakistan [PKR] | 1 | 98.85 |
| Peso Philipina [PHP] | 1 | 200.90 |
| Riyad Saudi Arabia [SAR] | 1 | 2277.53 |
| Rupee Srilanka [LKR] | 1 | 77.86 |
| Baht Thailand [THB] | 1 | 285.62 |
| Dolar Brunei D. [BND] | 1 | 7034.54 |
| EURO [EUR] | 1 | 12182.14 |
| Yuan China [CNY] | 1 | 1330.49 |
| Won Korea [KRW] | 1 | 7.90 |

Based on Minister of Finance
 No. 956/KM.1/2011 dated 19 August 2011
 For period : 22 August 2011 - 28 August 2011

| Currency | Unit | Value |
|--------------------------------|------|----------|
| Dollar Amerika Serikat [USD] | 1 | 8539.00 |
| Dolar Australia [AUD] | 1 | 8910.95 |
| Dolar Canada [CAD] | 1 | 8660.26 |
| Kroner Denmark [DKK] | 1 | 1648.03 |
| Dolar Hongkong [HKD] | 1 | 1095.61 |
| Ringgit Malaysia [MYR] | 1 | 2863.12 |
| Dolar Selandia Baru [NZD] | 1 | 7072.61 |
| Kroner Norwegia [NOK] | 1 | 1567.47 |
| Poundsterling Inggris [GBP] | 1 | 14059.66 |
| Dolar Singapura [SGD] | 1 | 7069.58 |
| Kroner Swedia [SEK] | 1 | 1332.08 |
| Franc Swiss [CHF] | 1 | 10789.93 |
| Yen Jepang [JPY] | 100 | 11133.79 |
| Kyat Burma [BUK] | 1 | 1331.36 |
| Rupee India [INR] | 1 | 187.60 |
| Dinar Kuwait [KWD] | 1 | 31333.94 |
| Rupee Pakistan [PKR] | 1 | 98.47 |
| Peso Philipina [PHP] | 1 | 201.31 |
| Riyad Saudi Arabia [SAR] | 1 | 2276.87 |
| Rupee Srilanka [LKR] | 1 | 77.92 |
| Baht Thailand [THB] | 1 | 285.82 |
| Dolar Brunei D. [BND] | 1 | 7067.01 |
| EURO [EUR] | 1 | 12278.02 |
| Yuan China [CNY] | 1 | 1336.80 |
| Won Korea [KRW] | 1 | 7.95 |

Based on Minister of Finance
 No. 1010/KM.1/2011 dated 26 August 2011
 For period : 29 August 2011 - 18 September 2011

| Currency | Unit | Value |
|--------------------------------|------|----------|
| Dollar Amerika Serikat [USD] | 1 | 8554.00 |
| Dolar Australia [AUD] | 1 | 8948.20 |
| Dolar Canada [CAD] | 1 | 8653.19 |
| Kroner Denmark [DKK] | 1 | 1653.82 |
| Dolar Hongkong [HKD] | 1 | 1097.02 |
| Ringgit Malaysia [MYR] | 1 | 2874.10 |
| Dolar Selandia Baru [NZD] | 1 | 7086.58 |
| Kroner Norwegia [NOK] | 1 | 1572.66 |
| Poundsterling Inggris [GBP] | 1 | 14054.49 |
| Dolar Singapura [SGD] | 1 | 7089.60 |
| Kroner Swedia [SEK] | 1 | 1349.71 |
| Franc Swiss [CHF] | 1 | 10799.56 |
| Yen Jepang [JPY] | 100 | 11140.67 |
| Kyat Burma [BUK] | 1 | 1329.17 |
| Ruppee India [INR] | 1 | 186.89 |
| Dinar Kuwait [KWD] | 1 | 31407.28 |
| Ruppee Pakistan [PKR] | 1 | 98.39 |
| Peso Philipina [PHP] | 1 | 201.50 |
| Riyad Saudi Arabia [SAR] | 1 | 2280.66 |
| Ruppee Srilanka [LKR] | 1 | 77.78 |
| Baht Thailand [THB] | 1 | 286.09 |
| Dolar Brunei D. [BND] | 1 | 7093.57 |
| EURO [EUR] | 1 | 12320.10 |
| Yuan China [CNY] | 1 | 1337.54 |
| Won Korea [KRW] | 1 | 7.90 |