

# GREEN INVESTMENT FISCAL INCENTIVES



## Tax Allowance

**Net income reduction by 30%** (5% per year for 6 years), for 166 certain business fields and 17 certain business fields in certain areas



## Import Duty Exemption

**2 years import duty exemption** on machinery/equipment, goods & materials. Or 4 years free of import duty for items with min. 30% of Domestic Component Level



## Tax Holiday

**Corporate Income Tax reduction of 100% with an investment value of ≥ Rp. 500 billion for 5-20 years**  
 ▶ Mini Tax Holiday: **50% reduction in corporate income tax with an investment value of Rp. 100 billion – less than Rp. 500 billion for 5 years**



## Super Tax Deduction

**Max of 200% gross income deduction**, of the total fee for vocation  
**60% net income reduction** for 6 years (10% per year) for the absorption of local workers at the minimum of 300 people  
**Max. of 300% gross income deduction**, of the total cost for research and development (R&D)

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)



Green investment has a strategic role in accelerating post-pandemic economic recovery. Its implementation requires the collaboration of many parties, including domestic and foreign investors.

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Ministry of Investment / Indonesia Investment Coordinating Board (BKPM)



MINISTRY OF INVESTMENT/  
 INDONESIA INVESTMENT COORDINATING BOARD

# Green Investment for Sustainable Development

Green investment is one of Indonesia's strategies to accelerate the implementation of sustainable development agenda. In its implementation, this strategy takes into account the harmonization of environmental, social and governance aspects.

Scan barcode for sustainable investment guidelines



# INDONESIA'S GREEN INVESTMENT POTENTIAL

Green investment is a way to strengthen business resilience against future challenges.



Green investment contributes positively to sustainable development



New and renewable energy (NRE) creates 4x-5x more job opportunities than conventional energy



Electricity Supply Business Plan 2021-2030: PLN increases the role of NRE generators from 29.6% to 51.6%

## GREEN INVESTMENT TO SUPPORT DEVELOPMENT



### Indonesia Vision 2045

Economic growth  
Rp **5.3% - 5.9%**

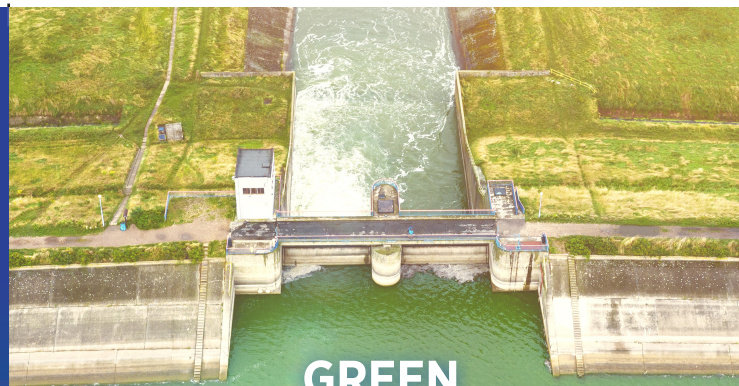
Gross Fixed Capital Formation of  
PM TB **6.4% - 7.9%**

### Cost Requirement

**Rp6,300 T – IDR 6,500 T**

Private & community contributions are targeted at +/-  
**82.2% - 83.6% = Rp5,400 T**  
in 2023

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), National Development Planning Agency (Bappenas), Katadata



# GREEN INVESTMENT REGULATION REVIEW

## LAW NO. 25 OF 2007 ON INVESTMENT

Chapter II Article 3 paragraph 1: one of the principles in investment is **sustainable**

## REGULATION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA NO. 16 OF 2012 ON GENERAL PLANS OF INVESTMENT

Article 2 point (d): one of the investment policy directions is **environmentally-friendly investment/ green investment**

## SUSTAINABLE FINANCE PRINCIPLES OF THE FINANCIAL SERVICES AUTHORITY (OJK)

- Responsible Investment: Considering economic, environmental, social and governance factors
- Sustainable Business Strategies and Practices: aimed at minimizing negative impacts and integrating economic, environmental and social aspects
- Social and environmental risk management: Business actors must adhere to the prudence principle in measuring social and environmental risks
- Governance: paying attention to economic, environmental and social aspects that are built based on the principles of transparency, accountability, responsibility, independence, professionalism, equality and fairness

Source: Law No 25 of 2007 on Investment, Presidential Regulation No 16 of 2012 on General Plan of Investment, Financial Service Authority (OJK)

# GREEN INFRASTRUCTURE INVESTMENT



## New & renewable energy

Project Examples:

Matenggeng Hydroelectric Power Plant and Blawan Ijen Geothermal Power Plant

Investment needs (until 2025):

**US\$ 154 billion (Rp2,233 trillion)**

**51%** of the state budget



## Transportation

Project Examples:

MRT phase 4 and Kelapa Gading LRT

Investment needs (2021 - 2030):

**US\$ 65 billion (Rp942.5 trillion)**

**36%** of the state budget



## Drinking water

Project Examples:

Merangin Dam and north coast management project of Java

Investment needs (until 2024):

**US\$ 17.5 billion (Rp253.8 trillion)**

**74%** of the state budget



## Waste management

Project Examples:

Bantar Gebang waste power plant and Jatibarang waste power plant

Investment needs (until 2024):

**US\$ 18.4 billion (Rp266.8 trillion)**

**US\$ 8 billion** for plastic waste

Source: Katadata, Asian Development Bank (ADB)