



Indonesia Tax Info May 2025

Regulation on tax treatment and nontax state revenue for coal mining industry updated

Owing to fluctuations in the price of coal, the Indonesian government issued Regulation Number 18 of 2025 (PP-18) on 11 April 2025 to amend Regulation Number 15 of 2022 (PP-15) regarding tax treatment and nontax state revenue (*Penerimaan Negara Bukan Pajak* (PNBP)) payable by companies in the coal mining industry (please refer to [Tax Info May 2022](#)). PP-18 has come into effect as from 26 April 2025.

The range of the applicable rates for production royalty under PP-18 remains the same as PP-15, except for the range limit of the coal reference price (*harga batubara acuan* (HBA)), which has been readjusted by considering the balance between the sustainability of the company and the state revenue. The following table summarizes the applicable rates for production royalty under PP-18:

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HBA range limit (USD per ton)	Applicable rates
Less than 70	15%
At least 70 but less than 120	18%
At least 120 but less than 140	19%
At least 140 but less than 160	22%
At least 160 but less than 180	25%
180 or more	28%

The applicable rate is reduced to 14% if the sales of coal are:

- Conducted within the same island;
- Of a certain type of coal and for specific purposes;
- Intended to fulfill domestic needs; or
- Used for certain other transactions as stipulated in the Law of Mineral and Coal Mining.

For income tax calculation purposes, PP-18 excludes the reference to the coal price index (*indeks harga batubara*). The updated method to calculate the coal's sales price is the higher of the:

- Coal benchmark price (*harga patokan batubara*), which is the lower price limit at the time of the transaction; and
- Actual sales price or the amount that should be received by the seller.

The updates made by PP-18 aim to align the regulation with the current business environment. Companies operating in the relevant industry should review the regulation thoroughly and assess the potential implications for their business.

Contact Persons

Questions concerning any of the subjects or issues contained in this newsletter should be directed to your usual contact in our firm, or any of the following individuals:

Tax & Legal Leader
Business Tax and International Tax
Cindy Sukiman
csukiman@deloitte.com

Transfer Pricing
Balim
bbalim@deloitte.com

Business Tax
Budi Prasongko
bprasongko@deloitte.com

Business Tax
Dionisius Damijanto
ddamijanto@deloitte.com

Business Tax
Heru Supriyanto
hsupriyanto@deloitte.com

Business Process Solutions and Global Employer Services
Irene Atmawijaya
iatmawijaya@deloitte.com

Business Tax and M&A
John Lauwrenz
jlauwrenz@deloitte.com

Business Tax and Business Process Solutions
Muslimin Damanhuri
mdamanhuri@deloitte.com

Business Tax
Reggy Widodo
rwidodo@deloitte.com

Transfer Pricing
Roy David Kiantiong
rkiantiong@deloitte.com

Business Tax and Business Process Solutions
Roy Sidharta Tedja
roytedja@deloitte.com

Transfer Pricing
Sandra Suhenda
ssuhenda@deloitte.com

Transfer Pricing
Shivaji Das
shivdas@deloitte.com

Global Employer Services
Sri Juliarti Hariani
shariani@deloitte.com

Business Tax, Indirect Tax, and Global Trade Advisory (Customs)
Turmanto
tturmanto@deloitte.com

Deloitte Touche Solutions

The Plaza Office Tower, 32nd Floor
Jl. M.H. Thamrin Kav 28-30
Jakarta 10350, Indonesia
Tel: +62 21 5081 8000
Fax: +62 21 2992 8303
Email: iddttl@deloitte.com
www.deloitte.com/id

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