

Job Creation Bill: Coal Mining Sector

by Michelle Noviangel



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On 5 October 2020, the House of Representatives of the Republic of Indonesia ratified the Job Creation Bill. The Bill will only become law once it has been promulgated. In this article, I will provide an overview of the potential changes the Bill may have on the coal mining sector when it becomes law.

Based on Law No. 3*, anybody that has a Mining Business License (*Izin Usaha Pertambangan* or **IUP**) and a Special Mining Business License (*Izin Usaha Pertambangan Khusus* or **IUPK**) must pay:

- state revenue, which consists of tax revenue and non-tax state revenue; and
- regional revenue.

The Job Creation Bill exempts holders of a Production Operation IUP and a Production Operation IUPK from the obligation to pay royalties to the state if they develop and/or utilise coal. This exemption is intended to be an incentive to stimulate downstream coal in Indonesia. The Job Creation Bill will newly categorise coal briquettes as a taxable good**, which will attract VAT. Consequently, the Job Creation Bill will mean that any coal mining entrepreneur that holds a Coal Contract of Work***, an IUP or an IUPK will be required to pay VAT on coal mining products, whether or not the coal has been processed into briquettes.

* Law Number 3 of 2020 on Amendment to Law Number 4 of 2009 on Mineral and Coal Mining.

**Barang Kena Pajak.

***Perjanjian Karya Pengusahaan Pertambangan Batubara.

Potential Impact of the Job Creation Bill on the Marine and Fishery Sectors

by Woro Nastiti

The Job Creation Bill (Bill) has the potential to impact on many sectors, including the marine and fishery sector. If the Bill is promulgated into law, then it will simplify marine and fishery licencing.



Image source: <https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcR3X4G3bDbIGMguYAB2Iexn5CmIBPMZcnc7A6iuggnCAU>

Currently, the marine and fishery sector has three types of permits.* If passed into law, the Bill would streamline this system and replace the three permits with one permit; a business licence issued by the central government for fishing, fish transportation, fish breeding, cultivating, and marketing. This provision would also apply to foreign ships.

Small fisheries would be exempt from the need to apply. Indeed, the Bill exempts small fisheries from a number of obligations including the obligation to comply with monitoring. The Bill amends the definition of small fisheries by removing the specific references to vessel size. In theory, therefore, any exemptions that apply to small fisheries could in fact apply to larger vessel sizes too.

The Bill also clarify provisions regarding fish breeding and cultivation not for commercial purposes by amending Article 33 of Regulations No. 31/2004.

The Bill moves authority to grant permits and/or approvals for building, importing or modifying fishing vessels from regional to the central government.

*Regulations No. 31/2004 regarding Fisheries, as amended by Regulations No. 45/2009.

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