



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

COPY OF

REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF  
INDONESIA NUMBER 257/PMK.011/2011

CONCERNING

PROCEDURES FOR WITHHOLDING AND PAYMENT OF INCOME TAX UPON  
OTHER INCOME OF CONTRACTORS IN THE FORM OF *UPLIFT* OR OTHER  
SIMILAR RETURN AND / OR CONTRACTOR INCOME FROM THE TRANSFER  
OF *PARTICIPATING INTEREST*

BY THE GRACE OF GOD ALMIGHTY

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 27 paragraph (4) of Government Regulation Number 79 Year 2010 concerning Refundable Operating Costs and Income Tax Treatment in the Field of Upstream Oil and Gas, it is necessary to stipulate Regulation of the Minister of Finance concerning Procedures for Withholding and Payment of Income Tax Upon Other Income of Contractor in the Form of *Uplift* or Other Similar Return and / or Contractor Income from the Transfer of *Participating Interest*;

In The View of :

1. Act Number 6 Year 1983 concerning General Provisions and Tax Procedures (State Gazette of the Republic of Indonesia Year 1983 Number 49, Supplement to State Gazette of the Republic of Indonesia Number 3262) as amended by Act Number 16 Year 2009 (State Gazette of the Republic Indonesia Year 2009 Number 62, Supplement to State Gazette of the Republic of Indonesia Number 4999);
2. Act Number 7 Year 1983 concerning Income Tax (State Gazette of the Republic of Indonesia Year 1983 Number 50, Supplement to State Gazette of the Republic of Indonesia Number 3263) as amended by Act Number 36 Year 2008 (State Gazette of the Republic of Indonesia Year 2008 Number 133, Supplement to State Gazette of the Republic of Indonesia Number 4893);
3. Government Regulation Number 79 Year 2010 concerning Refundable Operating Costs and Income Tax Treatment in the Field of Upstream Oil and Gas (State Gazette of the Republic of Indonesia Year 2010 Number 139, Supplement to State Gazette of the Republic of Indonesia Number 5173);
4. The Presidential Decree Number 56 / P Year 2010;



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 2 -

DECIDES:

To stipulate : REGULATION OF THE MINISTER OF FINANCE CONCERNING PROCEDURES FOR WITHHOLDING AND PAYMENT OF INCOME TAX UPON OTHER INCOME OF CONTRACTORS IN THE FORM OF *UPLIFT* OR OTHER SIMILAR RETURN AND / OR CONTRACTOR INCOME FROM THE TRANSFER OF *PARTICIPATING INTEREST*.

Article 1

In this Regulation of the Minister referred to as:

1. Income Tax Act is Act Number 7 Year 1983 concerning Income Tax as amended by Act Number 36 Year 2008.
2. Contractor of Cooperation Contract of Oil and Gas, hereinafter called the Contractor is an entity or permanent establishment are determined to carry out exploration and exploitation in the work area by a cooperation contract with the Implementing Agency.
3. *Uplift* is the benefit received by the Contractor in connection with the provision of bailout funds to finance the operation contracts of sharing funds which should be an obligation of the participation of other contractors, which is in a contract of cooperation, in the financing.
4. *Participating Interest* is the right and obligation as a Contractor contracts, directly or indirectly, in a contract area.
5. Exploration is an activity aimed at obtaining information about the geological conditions to find and obtain the estimated oil and gas reserves in the specified work area.
6. Exploitation is a series of activities that aim to produce oil and gas from the specified work area, which consists of the drilling and completion of wells, construction of transportation, storage, and processing for the separation and purification of oil and gas in the field as well as other activities that support it.

Article 2

- (1) Upon the other income of Contractor outside cooperation contracts such as *Uplift* or other similar benefits subject to final Income Tax at a rate of 20% (twenty percent) of the gross amount.
- (2) Upon the other income of Contractor outside cooperation



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 3 -

contract in the form of transfer of *Participating Interest* subject to final Income Tax at a rate of:

- a. 5% (five percent) of the gross amount to transfer of *Participating Interest* during exploration, or
  - b. 7% (seven percent) of the gross amount to transfer of *Participating Interest* during exploitation.
- (3) Exploration Period as referred to in paragraph (2) letter a, as of the effective date of a cooperation contract until the date of approval of the development plan of the first field in a contract area contractor.
- (4) Exploitation Period as referred to in paragraph (2) letter b shall be counted from the expiration of the Exploration period as referred in paragraph (3) until the date of expiration of contracts.

Article 3

- (1) In order to share the risk in a period of exploration, the transfer of *Participating Interest* exempted from Income Tax, as referred to in Article 2 paragraph (2) letter a, in terms of meeting the criteria:
- a. not transfer all of its *Participating Interest*;
  - b. *Participating Interest* has been held for more than 3 (three) years;
  - c. in the area of work, it has been done Exploration and the Contractor has issued investment intended to carry out Exploration, and
  - d. Transfer of *Participating Interest* by Contractor is not intended for profit.
- (2) Subject to Income Tax as referred to in Article 2 paragraph (2) letter b, exempted as along to perform obligations to transfer of *Participating Interest* under the contract cooperation to national companies as stated in the contracts.

Article 4

Basic Income Tax on the transfer of *Participating Interest* as referred to in Article 2 paragraph (2) are:

- a. actual amount received or accrued Contractor, or
- b. Amounts which should be received or accrued by the Contractor, in the case of a special relationship as



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 4 -

referred to in Article 18 paragraph (4) of Income Tax Act between parties who conduct transfer of *Participating Interest*.

Article 5

- (1) In case of transfer of *Participating Interest*, the Contractor shall report the transfer of *Participating Interest* value as referred to the Tax Office Service where Contractor registered accompanied by a written document in the form of the transfer of *Participating Interest* agreement and the *Financial Quarterly Report* (FQR) last quarter prior to the transfer of *Participating Interest*.
- (2) If the provisions as referred to in paragraph (1) are not met by the Contractor, the Director General of Taxes may determine by the position the amount of the transfer of *Participating Interest* value.
- (3) Reporting as referred in paragraph (1) carried out by:
  - a. Contractors who receive transfer of *Participating Interest* in case of *Participating Interest* receiver has been already registered as a Taxpayer, or
  - b. Contractors who transfer the *Participating Interest* in case of *Participating Interest* receiver are not registered as a Taxpayer,

By using the report form format of the transfer of *Participating Interest* as set out in Appendix I which is an integral part of this Regulation of the Minister.

- (4) Contractor as referred to in paragraph (3) must report the value of the transfer of *Participating Interest* as referred to in paragraph (1) no later than 14 (fourteen) labor days since the transfer of *Participating Interest* agreement has been signed.

Article 6

- (1) when the Income Tax payable on income in the form of *Uplift* or other similar benefits as referred to in Article 2 paragraph (1) is a form of income of *Uplift* or other similar benefits paid or recognized as a cost, depending on which event occurs first.
- (2) Upon the Income Tax as referred to in Article 2 paragraph (1) shall be deducted by the Contractor who conducting *Uplift* payment or other benefits by using form format of evidence as contained in Appendix II,



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 5 -

which is an integral part of this Regulation of the Minister.

#### Article 7

- (1) The Income Tax payable on income from the transfer of *Participating Interest* as referred to in Article 2 paragraph (2) is at the time of payment, at the time of transfer of *Participating Interest*, or upon transfer of *Participating Interest* is given approval by the Minister of Energy and Mineral Resources, depending whichever event occurs first.
- (2) Upon the Income Tax as referred to in Article 2 paragraph (2) shall be deducted by the contractor who received the transfer of *Participating Interest* by using form format pieces of evidence as contained in Appendix II, which is an integral part of this Regulation of the Minister.
- (3) In the event the Contractor receiving the transfer of *Participating Interest* as referred to in paragraph (2) has not been registered as Taxpayer at the time of Income Tax payable as referred to in paragraph (1), Income Tax payable shall be paid by the contractor who received the transfer of *Participating Interest* by using the Tax Payment Slip on behalf of the Contractor who transferred *Participating Interest*.
- (4) In the case of Income Tax payable is not paid by the contractor who received the transfer of *Participating Interest* as referred to in paragraph (3), Income Tax payable shall be withheld, deposited, and reported by the contractor who received the transfer of *Participating Interest* at once after registered as Taxpayers as legislation in the field of taxation.
- (5) In the case of transfer of *Participating Interest* performed indirectly and do not change the Tax Identification Number, the Contractor who transferred *Participating Interest* shall pay Income Tax payable themselves by using the Tax Payment Slip.

#### Article 8

Income Tax as referred to in Article 6 paragraph (2) and / or Article 7, paragraph (2), paragraph (3), paragraph (4), and paragraph (5), shall be deposited into the state treasury, according to the period as stipulated in the Regulation of the Minister of Finance on the determination of the payment due



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 6 -

date, deposits, withholding, collection and / or reporting taxes.

Article 9

- (1) Income Tax has been paid, as referred to in Article 8 shall be reported to:
  - a. Tax Office Service where Contractor conduct the payment *Uplift* or other similar benefits registered as payment as referred to in Article 6 paragraph (2);
  - b. Tax Office Service where the Contractor transferring *Participating Interest* registered as payments as referred to in Article 7 paragraph (2) and paragraph (4), and / or
  - c. Tax Office Service where Contractor who transferring the *Participating Interest* registered as payments as referred to in Article 7 (3) and paragraph (5).
- (2) Income Tax Reporting deposited as referred to in paragraph (1) shall be done appropriate period of time as stipulated in the Regulation of the Minister of Finance on the determination of the payment due date, deposit and reporting tax collections by using the Period Final Income Tax Return as in Article 4 paragraph (2) on the part of certain other income.

Article 10

- (1) Upon the Taxable Income after deducting final Income Tax from the *Uplift* or other similar benefits as referred to in Article 2 paragraph (1) and / or income of Contractor from the transfer of *Participating Interest* as referred to in Article 2 paragraph (2), Income Tax payable according to Acts and regulations in the field of Income Tax.
- (2) Income Tax Treatment to the other income of Contractor that is not specifically regulated in this Regulation of the Minister, applicable Acts and regulations in the field of Income Tax in general.

Article 11

Calculation of Income Tax, as referred to in Article 2, Article 3, and Article 10 paragraph (1) made in accordance as example as listed in Appendix III, which is an integral part of this Regulation of the Minister.

Article 12



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

- 7 -

- (1) The provisions of the Income Tax payable as referred to in Article 6 paragraph (1) and Article 7, paragraph (1) shall not apply to income in the form of *Uplift* or other similar benefits and income from the transfer of *Participating Interest*, which occurred since the date of December 20, 2010 until before entry into force of this Regulation of the Minister.
- (2) The Income Tax payable on income in the form of *Uplift* or other similar benefits and income from the transfer of *Participating Interest* as referred to in paragraph (1) is at next date of enactment of this Regulation of the Minister.
- (3) The provisions as referred to in Article 10 paragraph (1) apply to taxable income after deducting final Income Tax, the income in the form *Uplift* or other similar benefits and / or income from the transfer of *Participating Interest* received or accrued after the entry into force of Regulation of the Minister.

Article 13

This Regulation of the Minister came into force on January 1, 2012.

For public cognizance, this Regulation of the Minister of Finance shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

on December 28, 2011

MINISTER OF FINANCE,

Signed.

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

on December 28, 2011

MINISTER OF JUSTICE AND HUMAN RIGHTS,

Signed.

AMIR SYAMSUDIN



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA  
- 8 -

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 946 YEAR 2011

Appendix.....