

Investment Regulatory Policies

No	Areas	Regulatory Policy
I	Export Promotion	<ul style="list-style-type: none"> • Import Duty 0% for raw material & components of CBU/CKD vehicles for export (PMK no. 62/2005)
		<ul style="list-style-type: none"> • Capital and raw materials importation through Bonded Zone which process, assemble the product for export activities is revoked (BM=0%) (PMK No. 347/1999)
II	Investment	<ul style="list-style-type: none"> • Allow 100% foreign ownership
		<ul style="list-style-type: none"> • New Tax incentive/Income Tax facility
		<ul style="list-style-type: none"> • Reduction or exemption of import duty for machinery and equipment
III	Strengthening Automotive Industry structure	<ul style="list-style-type: none"> • 5 % import duty for raw materials that produce automotive component and Govt. Reg. No. 1/ 2007 provides income tax facility for certain components and located in certain provinces.
IV	Improving national automotive competitiveness	<ul style="list-style-type: none"> • Special ports for vehicles export activities are being assessed in Kodja, Northern Jakarta

Source : Ministry of Industry



IMPORT DUTY & LUXURY TAX (2006)

CATEGORY	REMARKS	Import Duty (%)					Lux. Tax
		UNIT			COMPONENT		
		CBU	CKD	IKD	Assy/BD	IKD	
Passenger < 10 (Sedan)	cc ≤ 1.5 lt	60	25	15 ^{*1)}	0-15	10 ^{*4)}	30
	1.5 lt < cc ≤ 3.0 lt (P)/2.5 lt (D)	60	30		0-15		40
	cc > 3.0 lt (P)/2.5 (D)	60	40		0-15		75
Passenger ≤ 10 4x2 (Van) 4x4 (Jeep/Van 4x4)	cc < 1.5 lt	45	20	15 ^{*2)}	0-15	10 ^{*45)}	10
	1.5 lt < cc ≤ 2.5 lt (P)	45	20	15 ^{*2)}	0-15	10 ^{*45)}	20
	2.5 lt < cc ≤ 3.0 lt (D)	45	20	15 ^{*2)}	0-15	10 ^{*45)}	40
	cc > 3.0 lt (P)/2.5 (D)	45	20	15 ^{*2)}	0-15	10 ^{*45)}	75
	cc < 1.5 lt	45	20		0-15		30
	1.5 lt < cc ≤ 3.0 lt (P)/2.5 (D)	45	20		0-15		40
cc > 3.0 lt (P)/2.5 (D)	45	20		0-15		75	
Passenger > 10 (Bus)	5 ton < GVW < 24 ton (P/D)	40	20	5 ^{*3)}	0-15		10
	GVW > 24 ton (P/D)	10	5	5 ^{*3)}	0-15		10
Trucks/Pick-Up	GVW < 5 ton (P/D)	45	20	15 ^{*2)}	0-15	10 ^{*45)}	0
	GVW 5-24 ton (P/D)	40	20	5 ^{*3)}	0-15	10 ^{*4)}	0
	GVW > 24 ton (P/D)	10	5	5 ^{*3)}			0
Double Cab. 4x4/4x2 (Passenger > 3)	GVW < 5 ton (P/D) Double cabin, all cc	45	20	15 ^{*2)}	0-15	10 ^{*45)}	20
Motor Cycle	cc < 250	30	20		0-15		0
	250 < cc ≤ 500	50	25		0-15		60
	cc ≤ 500	50	25		0-15		75

Notes

Blank Material = 5 %

*1) Excluding Engine; *2) Excluding Body & Chassis, Engine, Transmission, Drive Axle; *3) Excluding body & Chassis, Engine; *4) For Engine only; *5) For Engine, Transmission, Drive Axle Assy/BD (Breakdown)

Automotive Industry Development Programs

Program	Policy
1974 ~ 1990 Deletion Program	<ul style="list-style-type: none">• Step by step Localization With Compulsory Items• Only Commercial Vehicle
1993 ~ 1999 Incentive Program	<ul style="list-style-type: none">• Gradually increasing of Local Content• Reduction of Import Duty
1996 National Car Program	<ul style="list-style-type: none">• Promoting National Car• Based on Small Sedan• 60% Local Content
1999 ~ now Harmonized System	<ul style="list-style-type: none">• Removed Localization Program, TRIM• Market Liberalization

Regulatory Based of the Development of Indonesian Automotive Industry

		Deletion Program		Incentive Program
	Complete CKD	CKD - Minus & Penalty		Voluntary Localization
Year	1970 - 1976	1977 - 1986	1987 - 1990	1993 - 1997
Development of Plant and Manufacturing Facilities	<ul style="list-style-type: none"> • Assembly Plant • Coach & Body Maker • Local Vendor Tire, Battery, Paint 	<ul style="list-style-type: none"> • Stamping Plant • Component Mfg.: Radiator, Muffler, Glass, Seat, Spring, Plastic Injection. 	<ul style="list-style-type: none"> • Engine Plant • Transmission Plant • Rear Axle & Prop Shaft • Aluminum Casting • Ferro Casting Plant 	
Acquirement & Development of Design & Engineering Capability	<ul style="list-style-type: none"> • Jigs & Fixture • Production Process: <ol style="list-style-type: none"> 1. Welding 2. Painting 3. Assembling 	<ul style="list-style-type: none"> • Die & Mould Design • Designing of Stamping Parts • Maintenance of Die and Production Facilities 	<ul style="list-style-type: none"> • Machining Process • Casting Process • Forging Process • Heat-treatment 	

Policy on Development of Automotive Industry

Year	Policy
1974	<ul style="list-style-type: none">• Import only in CKD form CBU not allowed
1976	<ul style="list-style-type: none">• Parts Deletion Programs Import Substitution
1983	<ul style="list-style-type: none">• Compulsory Deletion of Parts, Penalty System
1986	<ul style="list-style-type: none">• Localization of Engine, Transmission, Steering and Axle
1993	<ul style="list-style-type: none">• Incentive System to Reach Local Content : Self assessment, Incentive to Import Duty
1996	<ul style="list-style-type: none">• National Car Program : Three to achieve 60% Local Content, Import Duty = 0%, Dispute with WTO
1998	<ul style="list-style-type: none">• IMF : Cancellation of National Car Program
1999	<ul style="list-style-type: none">• WTO : Cancellation of Incentive Scheme, Market Liberalization, No TRIM, Import of CBU, Reduction of Taxation