

ELUCIDATION OF GOVERNMENT REGULATION OF THE REPUBLIC OF  
INDONESIA  
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ON  
THE AMOUNTS AND PROCEDURES FOR PAYING GEOTHERMAL  
PRODUCTION BONUS

I. GENERAL

Geothermal Production Bonus is a mandate of Article 53 of Law Number 21 of 2014 on Geothermal energy ruling the obligations of Geothermal License holders to give Production Bonus to the government of Producing Region. Producing Region is the regency/municipality which administrative area covers Working Area. Imposition of Production Bonus is aimed at making the government and community of Producing Region enjoy direct benefit of Geothermal business activities located near their place of domicile.

Business entity pays Production Bonus directly into the account of Producing Region's government and priority of its utilization is given to the community living the closest to the project or directly impacted by the project. With the benefit enjoyed, it is expected that Production Bonus can foster a sense of ownership by the community towards the geothermal business activities so that the community and business entity can support each other in geothermal business effort.

To provide the legal basis for Production Bonus imposition and its utilization for Producing Region development, it is necessary to formulate Government Regulation ruling the imposition, calculation, reconciliation, Production Bonus determination, and reporting by each stakeholder. Determination of Production Bonus amounts considers the economic value.

In addition to ruling for Production Bonus imposition on Geothermal License holder, pursuant to the provisions of Article 83 of Law Number 21 of 2014 on Geothermal energy, this Government Regulation also rules Production Bonus imposition on Geothermal resource business concession holders, joint operation contract of Geothermal resource business holders, and Geothermal resource business license holders.

## II. ARTICLE BY ARTICLE

### Article 1

Sufficiently clear.

### Article 2

Sufficiently clear.

### Article 3

#### Section (1)

The term "gross revenue" means the revenue received by Geothermal License holders, Geothermal resource business concession holders, joint operation contract of Geothermal resource business holders, and Geothermal resource business license holder before deductions of taxes and other deducting factors.

#### Section (2)

Sufficiently clear.

#### Section (3)

Sufficiently clear.

### Article 4

Sufficiently clear.

### Article 5

Sufficiently clear.

### Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The term "deducting components in Payment on Central Government Share" means, among others, Land and Building Tax and Value Added Tax.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.