

**DECREE OF THE MINISTER OF FINANCE
NO. 344/KMK.06/2001 DATED MAY 30, 2001
THE DISTRIBUTION OF FUNDS BEING PORTION
OF REGION FROM NATURAL RESOURCES**

THE MINISTER OF FINANCE,

Considering :

that in the framework of implementing the provision in Article 14 paragraph (2) of Government Regulation No. 104/2000 on the sharing fund, it is necessary to stipulate a degree of the Minister of Finance on the distribution of funds being portions of regions from natural resources.

In view of :

1. Law No. 44/Prp/1960 on petroleum and natural gas mining (Statute Book of 1960 No. 133, Supplement to Statute Book No. 2070);
2. Law No. 11/1967 on mining principal provisions (Statute Book of 1967 No. 22, Supplement to Statute Book No. 2831);
3. Law No. 8/1971 on state-run petroleum and natural gas mining (Pertamina) (Statute Book of 1971 No. 76, Supplement to Statute Book No. 2971);
4. Law No. 9/1985 on fishery (Statute Book of 1985 No. 46, Supplement to Statute Book No. 3299);
5. Law No. 20/1997 on non-tax state revenue (Statute Book of 1997 No. 43, Supplement to Statute Book No. 3687);
6. Law No. 22/1999 on the regions administration (Statute Book of 1999 No. 60, Supplement to Statute Book No. 3839);
7. Law No. 25/1999 on the financial equilibrium between the central government and regional administrations (Statute Book of 1999 No. 72, Supplement to Statute Book No. 3848);
8. Law No. 41/1999 on the forestry (Statute Book of 1999 No. 197, Supplement to Statute Book No. 3588);
9. Government Regulation No. 32/1969 on the implementation of Law No. 11/1967 concerning the mining principal provisions (Statute Book of 1969 No. 60, Supplement to Statute Book No. 2916);
10. Government Regulation No. 41/1982 on the obligation and procedure for remitting the government income from the operation of Pertamina and production sharing contracts (Statute Book of 1982 No. 68, Supplement to Statute Book No. 3239);
11. Government Regulation No. 15/1990 on the fishery business (Statute Book of 1990 No. 19, Supplement to Statute Book No. 3408) as already amended by Government Regulation No. 141/2000 (Statute Book of 2000 No. 256, Supplement to Statute Book No. 4058);
12. Government Regulation No. 35/1994 on requirements and guidances for production sharing contracts of petroleum and natural gas (Statute Book of 1994 No. 64, Supplement to Statute Book No. 3571);
13. Government Regulation No. 22/1997 on kinds and remittance of non-tax state revenue (Statute Book of 1997 No. 57, Supplement to Statute Book No. 3694);
14. Government Regulation No. 25/2000 on the authority of the central government and the authority of provinces as autonomous regions (Statute Book of 2000 No. 54, Supplement to Statute Book No. 3952);
15. Government Regulation No. 104/2000 on the sharing fund (Statute Book of 2000 No 201, Supplement to Statute Book No. 4021);

DECIDES :

To stipulate :

THE DECREE OF THE MINISTER OF FINANCE ON THE DISTRIBUTION OF FUNDS BEING PORTIONS OF REGIONS FROM NATURAL RESOURCES.

CHAPTER I
GENERAL PROVISION
Article 1

Referred to in this decree of the Minister of Finance as :

1. State revenue from natural resources shall be the state revenue derived from petroleum and natural gas mining, general mining, forestry and fishery sectors shared with regions.
2. State revenue from petroleum and natural gas shall be the state revenue from petroleum and natural gas mining derived from activities of operation, exploration and production of Pertamina, activities of production sharing contracts and joint operation contracts other than production sharing contracts.
3. State revenue from the petroleum and natural gas mining sector shall include the payment of :
 - a. corporate tax (income tax);
 - b. exact contribution, exploration contribution, exploitation contribution and other payments connected with the granting of mining concessions;
 - c. levies on exports of petroleum and natural gas as well as results of refinery and processing;
 - d. import duty as meant in the Indonesian Tariff Law of 1873 (Statute Book of 1873 No. 35) as already supplemented and amended, and sales tax on the import as mentioned in Law No. 19 Drt/1951 (Statute Book of 1951 No. 94, Supplement to Statute Book No. 157) jo. Law No. 2/1968 (Statute Book of 1968 No. 14, Supplement to Statute Book No. 2847) as already amended and supplemented, on all goods used in the operation of companies, whose implementation will be regulated by a government regulation;
 - e. regional development contribution (land and building tax).
4. State revenue from petroleum and natural gas to be shared with regions shall be the state revenue from the petroleum and natural gas mining sector after being reduced by tax component in accordance with the provisions in force.
5. State revenue from the petroleum and natural gas mining sector after being reduced by the tax component shall constitute the net revenue.
6. State revenue from general mining shall be all kinds of revenue derived from general mining activities which include :
 - a. fixed contribution/landrent/deadrent : a contribution paid to the state as a compensation for the opportunity to carry out general survey, feasibility study, construction, exploration and exploitation in an area of mining concession/working contract/working contract of coal mining exploitation.
 - b. exploration contribution : a production contribution paid to the state in the case of a holder of mining concession/working contract/working contract of coal mining exploitation obtaining results in the form of minerals quarried due to the opportunity of exploration/feasibility study granted to the relevant party.
 - c. exploitation contribution (royalty) : a production contribution paid to the state for results acquired from mining business of exploitation of one or more minerals.
7. State revenue from the forestry sector shall be revenue from reforestation fund (DR), forest royalty (PSDH) and contribution to forest concessions (IHPH)/IIUPH covering :

- a. Reforestation fund (DR) : the fund collected from holders of licenses to exploit results of natural forests in the form of wood in the framework of reforestation and rehabilitation of forests;
 - b. Forest royalty (PSDH) : a levy charged as a compensation for the intrinsic value of results collected from state forests;
 - c. Contribution to forest concessions (IHPH)/IIUPH : a levy on a certain forest complex which is charged once to holders of forest concessions upon the granting of the concessions.
8. State revenue from the fishery sector shall be levies on fishing businesses (PPP) and levies on fishery products (PHP) covering :
- a. Fishery levy : a levy on fishing products which must be paid to the state by fishermen, pure national fishing companies, national fishing companies with foreign/domestic investment (PMA/PMDN) facilities that must secure Fishing Business Licenses (IUP), Approval of Operation of Foreign Ships (PPKA), Fishing Letters (SPI) and Licenses of Ships to Catch and Transport Indonesian Fish (SIKPPII) or Licenses to Catch Indonesian Fish (SIPI) from the government;
 - b. Levy on fishing businesses : a state levy imposed on holders of fishing business licenses, approval of operation of foreign ships, licenses treated such as trading business licenses, and approval of operation of foreign ships as a compensation for the opportunity granted by the government to undertake fishing businesses in the fishery territory of the Republic of Indonesia;
 - c. Levy on fishery products : a state levy imposed on holders of fishing business licenses and/or licenses of ships to catch and transport Indonesian fish in accordance with fishery production obtained and sold in the country and/or abroad.
9. State revenue derived from non-oil/gas natural resources to be shared with regions shall be the state revenue coming from the general mining, forestry and fishery sectors.
10. Lifting shall be the production sold from petroleum and natural gas fields in the relevant regions.
11. Sharing fund shall be the fund derived from the income of the State Budget of Revenue and Expenditure (APBN) which is allocated to regions to finance the needs of the regions in the framework of implementing decentralizations.
12. Production sharing fund shall be the sharing fund derived from revenue from natural resources which is a portion of a region.
13. The central government shall be the state elements of the Unitary State of the Republic of Indonesia consisting of the president and ministers.
14. Technical ministers shall be a minister having tasks in and being in charge of certain technical field.
15. Minister shall be the Minister of Finance of the Republic of Indonesia.
16. Regional administration shall be the Head of Region along other elements of autonomous region called Regional Executive Board.
17. Regency/city shall be a territory/place where the state revenue from natural resources already obtained on the basis of a stipulation of the Technical Minister after being consulted with the Minister of Home Affairs and Regional Autonomy.

CHAPTER II
THE CALCULATION OF FUNDS BEING PORTION OF
REGIONS FROM NATURAL RESOURCES

Part One
The Petroleum and Natural Gas Mining Sector

Article 2

State revenue from the petroleum and natural gas mining sector shall be calculated on the basis of the lifting derived from the territory of a producing regency/city or outside the producing regency/city in the territory of a province or outside the territory of the province.

Article 3

- (1) The state revenue derived from the petroleum and natural gas mining sector as meant in Article 2 shall be shared with the region in the form of a production sharing fund.
- (2) The sharing of the production sharing fund as meant in paragraph (1) shall not include the state revenue from the petroleum and natural gas mining sector derived from the lifting of petroleum and natural gas outside the territory of the province.

Article 4

In the case of the state revenue coming from the lifting of operation activities of Pertamina and production sharing contracts and joint cooperation contracts other than production sharing contracts in the territory of a producing regency/city, the sharing shall be as follows :

1. Petroleum :
 - a. the portion of the relevant province is 3% x the amount of net revenue from the petroleum mining sector;
 - b. the portion of the producing regency/city is 6% x the amount of net revenue from the petroleum mining sector;
 - c. the portion of the other regencies/cities in the relevant province is 6% x the amount of net revenue from the petroleum mining sector.
2. Natural gas :
 - a. the portion of the relevant province is 6% x the amount of net revenue from the natural gas mining sector;
 - b. the portion of the producing regency/city is 12% x the amount of net revenue from the natural gas mining sector;
 - c. the portion of the other regencies/cities in the relevant province is 12% x the amount of net revenue from the natural gas mining sector.

Article 5

In the case of the state revenue from the petroleum and natural gas mining sector being derived from the lifting of operational activities of Pertamina and production sharing contractors or joint cooperation contracts other than production sharing contracts outside the territory of the producing regency/city, but the location is still in the territory of the relevant province, the sharing shall be as follows :

1. Petroleum :
 - a. the portion of the relevant province is 5% x the amount of net revenue from the petroleum mining sector;
 - b. the portion of the other regencies/cities in the relevant province is 10% x the amount of net revenue from the petroleum mining sector.
2. Natural gas :
 - a. the portion of the relevant province is 10% x the amount of net revenue from the natural gas mining sector;
 - b. the portion of the other regencies/cities in the relevant province is 20% x the amount of net revenue from the natural gas mining sector.

Article 6

Portions of the respective regencies/cities in the relevant province as meant in Article 4 paragraph (1) letter c, paragraph (2) letter c, Article 5 paragraph (1) letter b and paragraph (2) letter b shall be shared equitably in accordance with the number of regencies/cities in the relevant province.

Article 7

The state revenue from the petroleum and natural gas mining sector derived from activities of exploration and production of Pertamina, activities of production sharing contractors or activities of joint cooperation contracts other than production sharing contracts outside the territory of the province shall be the revenue of the central government.

Part Two The General Mining Sector

Article 8

- (1) The state revenue from natural resources of the general mining sector shared with regional administrations shall be as follows :
 - a. fixed contribution/landrent/deadrent;
 - b. exploration/exploitation contribution (royalty).
- (2) The state revenue from the fixed contribution/landrent/deadrent and exploration/exploitation contribution (royalty) shall be allocated to regional administrations in the form of a production sharing fund.
- (3) The state revenue from the fixed contribution/landrent/deadrent and exploration/exploitation contribution (royalty) in the form of a production sharing fund which are allocated to regional administrations shall be 80%, while the remaining 20% constitute the portion of the central government.

Article 9

The portion of regional administrations from the fixed contribution/landrent/deadrent as meant in Article 8 paragraph (3) shall be calculated as follows :

- a. the portion of the relevant province is 16% x the amount of revenue from the fixed contribution/landrent/deadrent;
- b. the portion of the producing regency/city is 64% x the amount of revenue from the fixed contribution/landrent/deadrent;

Article 10

The portion of regional administrations from the exploration/exploitation contribution (royalty) as meant in Article 8 paragraph (3) shall be calculated as follows :

- a. the portion of the relevant province is 16% x the amount of revenue from the exploration/exploitation contribution (royalty);
- b. the portion of the producing regency/city is 32% x the amount of revenue from the exploration/exploitation contribution (royalty);
- c. the portion of the other regencies/cities in the relevant province is 32% x the amount of revenue from the exploration/exploitation contribution (royalty).

Part Three The Forestry Sector

Article 11

- (1) The state revenue from natural resources of the fishery sector which is shared with regional administrations shall be :
 - a. forest royalty (PSDH);
 - b. contribution to forest concessions (IHPH)/IIUPH;
 - c. reforestation fund (DR).
- (2) The state revenue from forest royalty and/or contribution to forest concessions/IIUPH shall be allocated to regional administrations in the form of a production sharing fund.
- (3) The state revenue from forest royalty and/or contribution to forest concessions/IIUPH in the form of a production sharing fund which is allocated to regional administrations shall be 80%, while the remaining 20% are the portion of the central government.
- (4) The state revenue from the reforestation fund (DR) shall be shared with the regional administrations in the form of a special allocation fund.

Article 12

The portion of regional administrations from PSDH as meant in Article 11 paragraph (3) shall be calculated as follows :

- a. the portion of the relevant province is 16% x the amount of revenue from PSDH;
- b. the portion of the producing regency/city is 32% x the amount of revenue from PSDH;
- c. the portion of the other regencies/cities in the relevant province is 32% x the amount of revenue from PSDH equitably.

Article 13

The portion of regional administrations from IHPH/IIUPH as meant in Article 11 paragraph (3) shall be calculated as follows :

- a. the portion of the relevant province is 16% x the amount of revenue from IHPH/IIUPH;
- b. the portion of the producing regency/city is 64% x the amount of revenue from IHPH/IIUPH;

Article 14

The portion of a region producing the reforestation fund (DR) shall be 40% x the amount of revenue from the reforestation fund.

Part Four
The Fishery Sector

Article 15

- (1) The state revenue from natural resources of the fishery sector shared with regional administrations shall a fishery levy.
- (2) The fishery levy as meant in paragraph (1) shall consist of levy on fishery businesses and levy on fishery products.
- (3) The state revenue from the fishery levy amounting to 80% shall be shared with regional administrations in the form of a production sharing fund and be used for the development of the fishery sector in the regions.

Article 16

The portion of regions from the fishery levy as meant in Article 15 paragraph (3) shall be shared equitably to regencies/cities throughout Indonesia.

CHAPTER III
THE DISTRIBUTION OF FUNDS BEING PORTIONS OF
REGIONS FROM NATURAL RESOURCES

Article 17

- (1) The Director General of Financial Institutions shall distribute funds being portions of regions from natural resources in the Rupiah currency.
- (2) The funds being portions of regional administrations as meant in paragraph (1) shall be remitted directly to Regional Cash.

Article 18

The funds being portions of regions shall be distributed to Regional Cash on a quarterly basis with the provision as follows :

- a. distribution for the first quarter in April
- b. distribution for the second quarter in July
- c. distribution for the third quarter in October
- d. distribution for the fourth quarter in December

CHAPTER IV
ADMINISTRATION OF DISTRIBUTION OF FUNDS BEING
PORTIONS OF REGIONS

Article 19

Regional administrations shall convey account numbers and names of banks to be used for receiving the distribution of funds being portions of regions from natural resources to the Ministry of Finance in this case the Directorate General of Financial Institutions.

Article 20

After executing the distribution as meant in Article 17, the Director General of Financial Institutions shall promptly convey Request for Issuing Stipulation on Authorization (SPP-SKO) and Request for Issuing Orders

to Pay (SPP-SPM) to the Director General of Budgetary Affairs in the framework of recording in the system of the State Budget of Revenue and Expenditure.

CHAPTER V
CONCLUSION

Article 21

The Director General of Financial Institutions shall further stipulate provisions required for the implementation of this decree of the Minister of Finance.

Article 22

This decree of the Minister of Finance shall come into force as from the date of stipulation.

For public cognizance, this decree shall be published by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta,
On May 30, 2001

THE MINISTER OF FINANCE
sgd.
PRIJADI PRAPTOSUHARDJO