

Taxing Energy Use 2018

Indonesia

This note describes the taxation of energy use in Indonesia. It contains the country's energy tax profiles, followed by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). The note contains four energy tax profiles for Indonesia:

Figure 1: Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

Figure 2: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the *Taxing Energy Use* database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in *Taxing Energy Use 2018* (OECD, 2018) at: <http://oe.cd/TEU2018>.

1. Energy tax profiles for Indonesia

Figure 1. Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

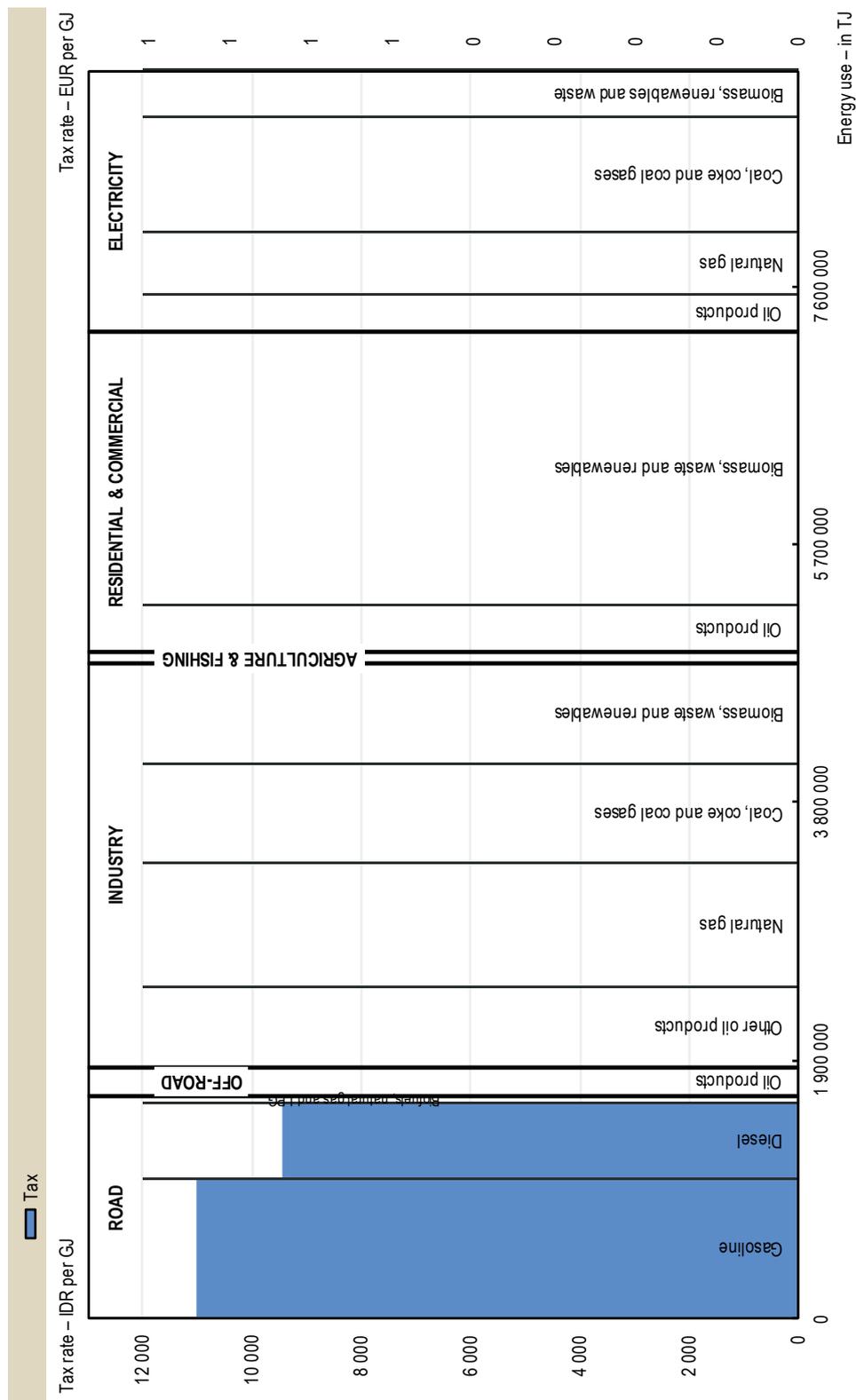


Figure 2. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass

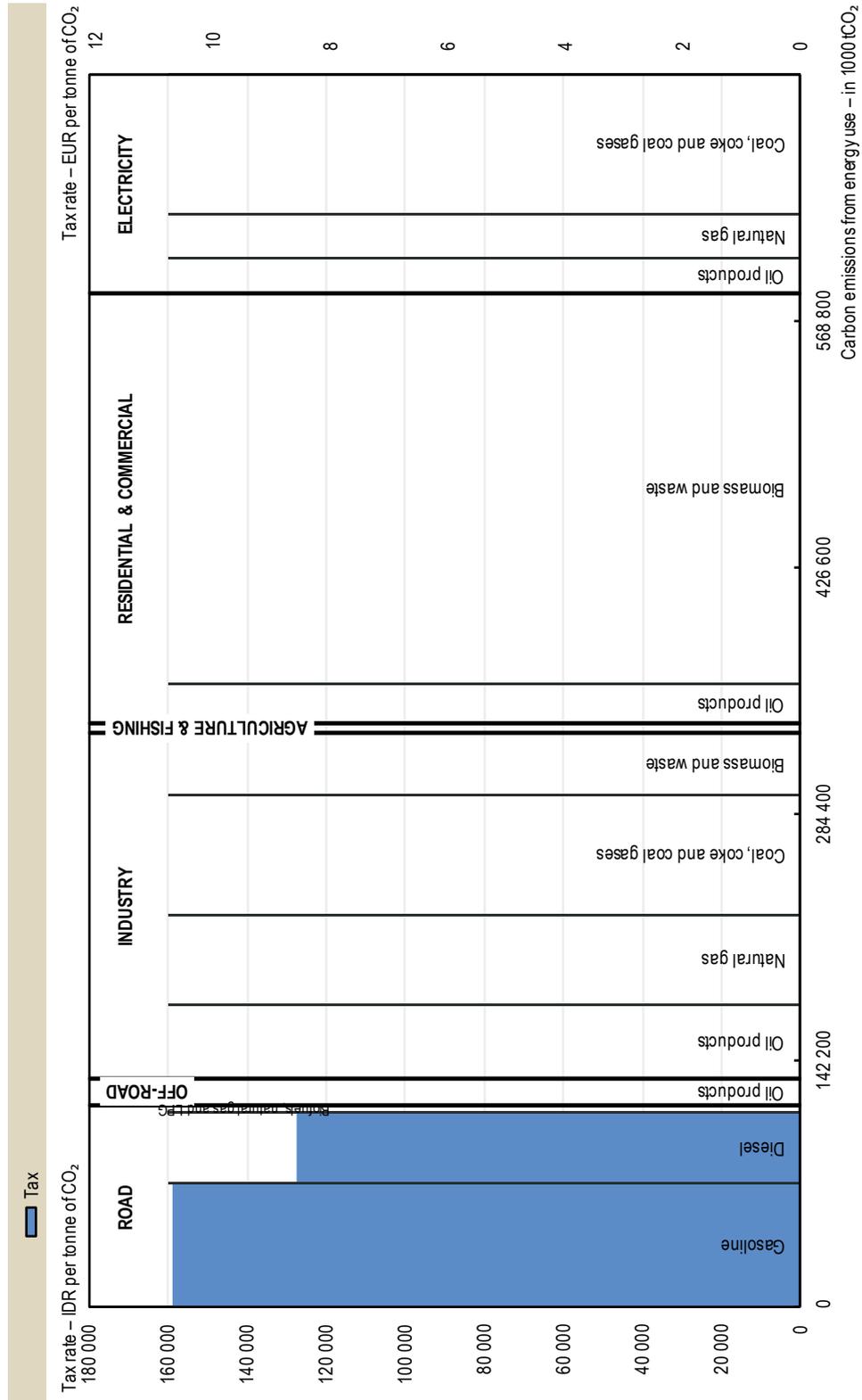


Figure 3. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

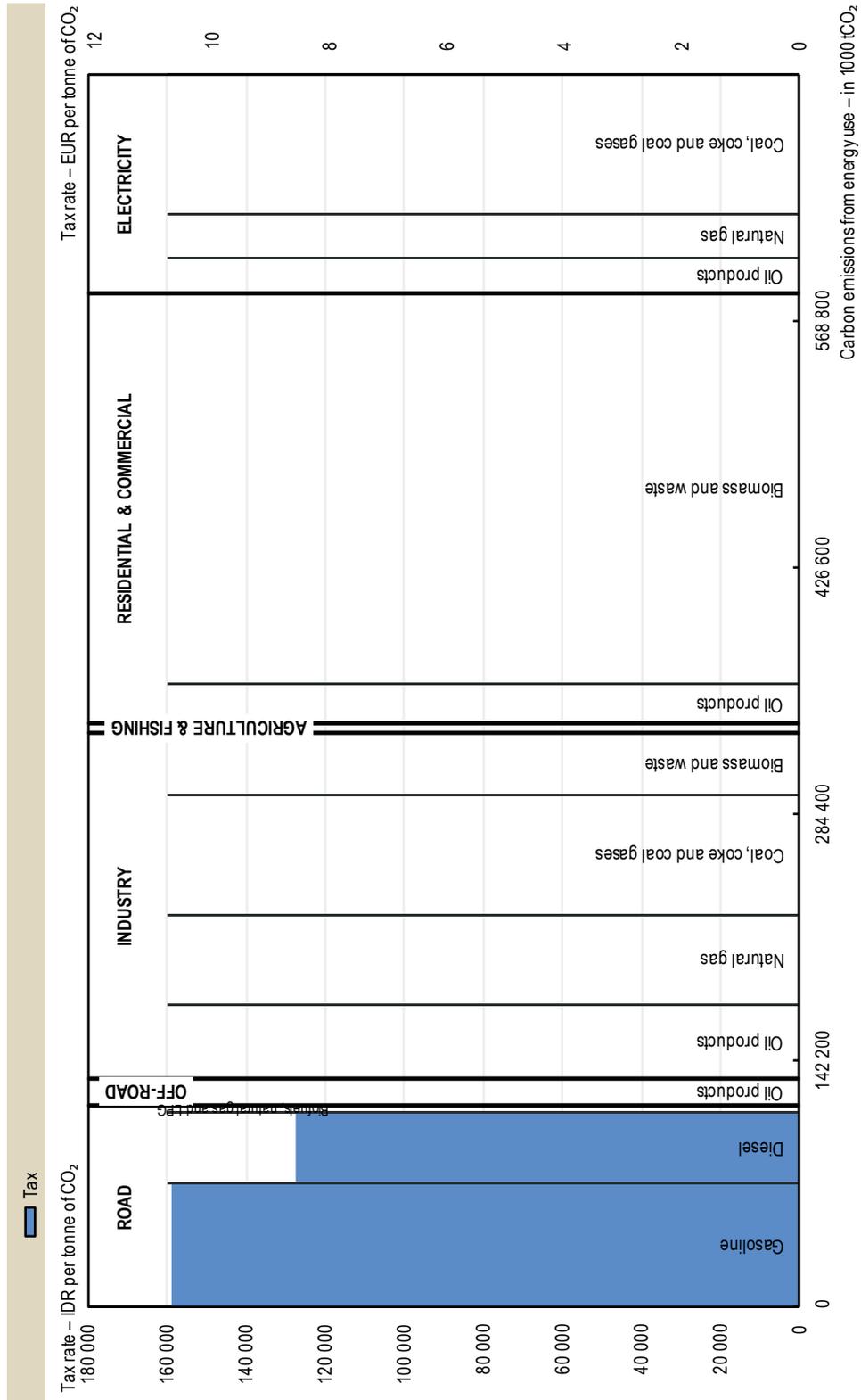
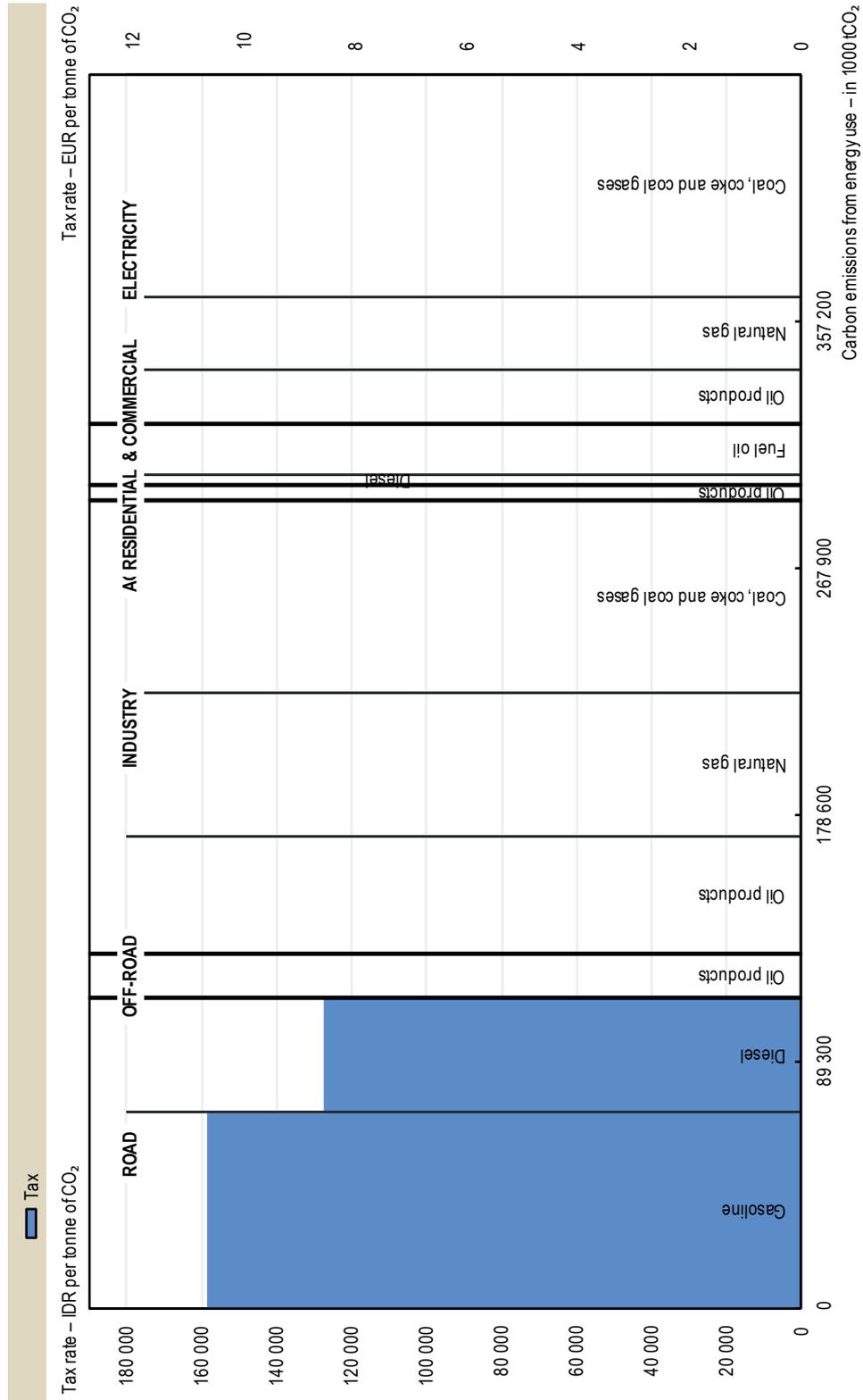


Figure 4. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in Indonesia. It contains the country's energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD's *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

Energy and carbon taxes

Indonesia does not levy any excise taxes on energy products at national level, but a regional tax is imposed on gasoline and diesel used in road transport, throughout the country. This tax is included in the Indonesian energy tax profiles.

The motor fuel tax applies at an *ad valorem* rate (5% of the sales price, a premium of 2% is allowed for areas outside Java-Madura-Bali to account for higher distribution costs). Price data for 2015 was used to convert these rates into per-unit rates (see below).

Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to Indonesia's energy use¹ to calculate effective tax rates on energy use (in IDR/TJ and EUR/TJ) or CO₂ emissions from energy use (in IDR/tCO₂ and EUR/tCO₂). Energy use and the CO₂ emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The Indonesian energy tax profiles (Figures 1 and 2) show effective tax rates for different fuels and uses in terms of the fuels' energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

Of the six economic sectors, only the **road** sector taxed. Within the road sector, gasoline is taxed at the highest effective tax rate; diesel is taxed at a lower rate in terms of TJ and in terms of CO₂. Other fuels for road use (natural gas and biofuels) are untaxed.

Assumptions and caveats

The Automotive Fuel Tax is levied at an *ad valorem* rate of 5% of the final sales price for gasoline and diesel. Rates were converted to per-unit rates using data on retail prices for 2015 ("Solar" for diesel and RON88 for gasoline, IISD-GSI, 2015b). It was assumed that the 5% rate applied across all states.

Where not separately indicated, these assumptions have been arrived at in consultation with national officials, or otherwise are based on previous *Taxing Energy Use* publications.

1. Data on energy use is taken from the IEA's *Extended World Energy Balances*, see Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018) for additional detail.

Reported tax expenditures and rebates

Indonesia does not report any tax expenditures with regards to the taxes included in the *Taxing Energy Use* database.

Sources

The main insights from the second vintage of the *Taxing Energy Use* database are analysed in:

OECD (2018), *Taxing Energy Use 2018 – Companion to the Taxing Energy Use Database*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264289635-en>.

Apart from the sources included in *Taxing Energy Use 2018* (OECD, 2018), and consultation with national delegates, the following country-specific sources were used:

OECD (2016), *OECD Economic Surveys: Indonesia 2016*, OECD Publishing, Paris. http://dx.doi.org/10.1787/eco_surveys-idn-2016-en.

International Institute for Sustainable Development and Global Subsidies Initiative (2015b), *Indonesia Energy Subsidy Briefing*, June 2015, <https://www.iisd.org/gsi/news/indonesia-news-briefing-june-2015>.