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INFORMATION

Updates on the Latest Regulations for Collection of Coal Royalties in Indonesia

The President of the Republic of Indonesia, Joko Widodo has approved the stipulation of an increase in coal royalty rates for companies holding mining business permits (IUP). This is regulated in Government Regulation Number 26 Year 2022 concerning Types and Tariffs on Types of Non-Tax State Revenue which applies to the Ministry of Energy and Mineral Resources on August 15th, 2022 and is effective from **September 15th, 2022**. This is done as a step to encourage state revenues, especially when coal prices are strengthening.

In the previous regulation, the maximum royalty rate was 7%, while in the new regulation it rises to 13.5%. There are also several things that the Government stipulates in this regulation, namely:

1. Royalty for coal with a calorie level of less than 4.200 Kcal/kg for a reference coal price (HBA) of less than USD 70 is set at 5% of the price, while for HBA of more than USD 90 the royalty is set at 8% of the price
2. Royalty for coal with a calorie level of more than 4.200-5.200 Kcal/kg with an HBA of less than USD 70, the government sets a royalty at 7% of the price. For HBA or more than USD 90, the fee is 10.5% of the price
3. Royalty for coal with a calorie level of more than 5.200 Kcal/kg with an HBA or less than USD 70 the stipulated royalty is 9.5% of the price, and for coal at a calorie level with an HBA of more than USD 90, the royalty charged is 13.5% of the price

Even though the royalty value is increasing, coal still shows a positive trend in the world's main demand. The European market for oil and gas is currently wide open for Asian countries, including Indonesia.

For your reference, please check the Government Regulation No. 26 Year 2022 concerning Types and Tariffs on Types of Non-Tax State Revenue in Bahasa Indonesia in the link [here](#).

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