



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

THE LATEST REVISION OF 2020 BUDGET

Presidential Decree 72/2020

Jakarta, June 30, 2020

Should you have further questions, please do not hesitate to contact us:



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OFFICIAL 2020 BUDGET HAS BEEN ADJUSTED TO SUPPORT THE MOST RECENT URGENCIES

Delivery of COVID-19 relief packages can be accelerated

DESCRIPTION (IDR trillion)	Presidential Decree 54/2020	Presidential Decree 72/2020
Revenue	1.760,9	1.699,9
Tax	1.462,6	1.404,5
Non-Tax	297,8	294,1
Expenditure	2.613,8	2.739,2
Central Gov't	1.851,1	1.975,2
Subnational Transfer	762,7	763,9
Deficit (% PDB)	(852,9) (5,07)	(1.039,2) (6,34)
Financing	852,9	1.039,2

Main revision of 2020 budget, according to Presidential Decree 72/2020 (Perpres 72/2020)

Revenue

Including broadened tax incentives until December 2020:

1. Borne-by-the government individual income tax (PPh 21 DTP)
2. Exemption of income tax article 22 and import tax for medical supply
3. Accelerating advance VAT

Expenditure

Incorporating additional expenditures of IDR 125 trillion larger than the previous budget:

1. Interest subsidy for MSMEs
2. Premium subsidy for working capital loan guarantee
3. Extending social safety net and electricity subsidy
4. Additional regional incentive fund to accelerate national economic recovery program in sub regional areas
5. Additional health expenditure for COVID-19 treatment

Financing

To absorb investment financing, capital injection, fund placement as part of National Economic Recovery Program



STATE REVENUE REVISION IN PERPRES 72/2020 HAS ALSO CALCULATED THE IMPACT FROM ECONOMIC SLOWDOWN AND TAX INCENTIVES

State Revenue

The decline in state revenue mainly driven by lower economic growth and lower oil & gas parameters (ICP, exchange rate and oil & gas lifting)

Perpres 54/2020	Perpres 72/2020	Δ
1,760.9 T (growth -10.1%)	1,699.9 T (growth -13.2%)	-60.9 T

Tax Revenue

Tax revenue declines due to the impact of lower economic growth (less than 2.3%) and lower Income Tax Revenue from Oil & Gas (amidst drop in oil price from US\$38/barrel to US\$33/barrel).

Perpres 54/2020	Perpres 72/2020	Δ
1,462.6 T (growth -5.4%)	1,404.5 T (growth -5.4%)	-58.1 T
Tax Rev. 1,254.1 T (growth -5.9%)	Tax Rev. 1,198.8 T (growth -10.0%)	
Customs & Excise 208.5 T (growth -2.3%)	Customs & Excise 205.7 T (growth -3.6%)	

Non Tax Revenue

Lower Non Tax Revenue is mainly driven by changes in commodity price, which lead to declining Non Tax Revenue from Natural Resources (Mining & Coal) and Non Tax Revenue from several Line Ministries e.g. Ministry of Transportation, Ministry of Law and Human Rights, National Land Office, and Indonesian National Police.

Perpres 54/2020	Perpres 72/2020	Δ
297.8 T	294.1 T	-3.6 T
Non Tax Rev – Natural Resources 82.3 T	Non Tax Rev – Natural Resources 79.1 T	
Non Tax Rev – Others 215.5 T	Non Tax Rev – Others 215.0 T	

Grants

Perpres 54/2020	Perpres 72/2020	Δ
0.5 T	1.3 T	0.8 T

Changes in Tax Revenue have taken into account the tax incentives given in order to support countermeasures for Covid-19 impact and economic recovery.

Tax Incentives for Health Sector

Tax and Import Duty Facility for goods & services used in the effort of handling Covid-19 pandemic.

Tax Incentives for Businesses (inc. for SMEs)

- ☐ Government-Borne Income Tax Rp39, 7T
- ☐ Income Tax Exemption on Import Rp14,8 T
- ☐ Tax Deduction Rp14,4 T
- ☐ VAT Return Rp5,8 T
- ☐ Corporate Income Tax Rate Reduction Rp20 T
- ☐ Government-Borne Final Income Tax for SMEs Rp2,4 T
- ☐ Other Stimulus Rp 26 T



ADJUSTMENT OF THE STATE EXPENDITURE CEILING 2020

To Support Handling and Impact Of Covid-19

Trillion Rp

State Expenditure

	APBN 2020	Presidential Decree 54	Presidential Decree 72
State Expenditure	2.540,4	2.613,8	2.739,2
Central Government Expenditure	1.683,5	1.851,1	1.975,2
Transfer to Regional and Village Funds	856,9	762,7	763,9



Refocusing and reallocation policies are implemented:

- To increase efficiency
- In line with social restriction policy
- Refocused on Covid-19 handling programs



State Budget support for regional economic recovery:

- Additional support in the form of Regional Incentive Funds (Dana Insentif Daerah/DID) to support local governments: Rp5 T



Additional expenditure is directed to handling Covid-19 impacts:

- Health sector,
- To protect affected people,
- To support economic recovery

Adjustments are made by maintaining good governance:

- Internal government coordination (Cabinet coordination meeting and assembly)
- Communication and coordination with the Legislature and Law Enforcement officials.



PERPRES 72/2020 ACCOMMODATES THE COVID-19 HANDLING FUND

For health, social protection, SMEs, business, sectoral and regional government



Health

Rp87.55 T

1. Expenditure for Covid-19 Handling Rp65.80T;
2. Incentives for Paramedic Rp5.90T;
3. Death Compensation Rp0.30T;
4. National Health Insurance Fee Rp3.00T;
5. Covid-19 Task Force Rp3.50T; &
6. Tax Incentives in Health Rp9.05T



Social Protection

Rp203.90T

1. Conditional Cash Transfer Program Rp37.40T;
2. Basic Foods Rp43.60T;
3. Social Assistance - Jabodetabek Rp6.80T;
4. Social Assistance – Non - Jabodetabek Rp32.40T;
5. Pre-Working Rp20.00T;
6. Electricity Discount Rp6.90T;
7. Logistical / Foods / Basic Foods Rp25.00T;
8. Village Fund - Cash Transfer Rp31.80T



Sectoral & Regional Gov't

Rp106.11 T

1. Line Ministries labor Intensive Program Rp18.44T;
2. Housing Incentives Rp1.30T;
3. Tourism Rp3.80T;
4. Regional Incentive Fund (DID) Rp5.00T;
5. Physical Special Allocation Fund Reserve Rp8.70;
6. Regional Loan Facility Rp1.00T; &
7. Diversification Reserve Rp58.87T



SMEs

Rp123.46 T

1. Interests Subsidy Rp35.28T;
2. Fund Placement Rp78.78T;
3. Guarantee Return Rp5.00T;
4. Working Capital Guarantee (*Stop Loss*) Rp1.00T;
5. Government-Borne Final Income Tax Rp2.40T; &
6. Investment Financing to Cooperatives Rp1.00T



Corporate Financing

Rp53.57 T

1. Labor Intensive-Fund Placement Rp3.42T;
2. State Equity Participation (PMN) Rp20.50T;
3. Working Capital Investment Rp29.65T



Business Incentives

Rp120.61T

1. Government-Borne Income Tax Rp39.66T;
2. Income Tax Exemption on Import Rp14.75T;
3. Tax Deduction Rp14.40T;
4. VAT Return Rp5.80T;
5. Corporate IT Rate Reduction Rp20.00T; &
6. Other Stimulus Rp26.00T



The Implementation of National Economic Recovery Program (PEN)



ESTABLISHMENT OF THE LEGAL BASIS FOR THE NATIONAL BUDGET AMENDMENT AND THE NATIONAL ECONOMIC RECOVERY PROGRAM

- The National Economic Recovery Program is regulated in Government Regulation (PP) 23/2020 as the implementation of Government Regulation in Lieu of Acts (PERPPU) 1 / 2020 → Law No.2 / 2020
- Amendment of Presidential Decree 54/2020 to Presidential Decree 72/2020 to accommodate funding needs for the National Economic Recovery Program of Rp.695.2 T → Widening the deficit from 5.07% of GDP to 6.34% of GDP



CONSULTATION WITH PEOPLE'S REPRESENTATIVE COUNCIL OF INDONESIA (DPR RI)

- Amendments to the 2020 State Budget stipulated in Perpres 72/2020 have been discussed and coordinated with the Indonesian House of Representatives (Commission XI and Budget Committee) including the budget needs and policies of the National Economic Recovery Program



COOPERATION WITH LAW ENFORCEMENT INSTITUTIONS

- Communication and coordination with Corruption Eradication Commission (KPK) and The Audit Board of Indonesia (BPK) has been carried out to monitor the implementation of PEN
- The KPK Research and Development Directorate has formed 5 Task Groups to monitor the progress of PEN
- The cooperation involving the Inspectorate General of Ministries / Institutions



FORMATION OF TASK FORCE FOR PROGRAM MONITORING

- Monitoring and updating the PEN realization;
- Identification the constraints and problems,
- Accelerating the effectiveness of PEN (debottlenecking),



THE ADJUSTMENT OF BUDGET FINANCING IS EXECUTED PRUDENTLY

to Support Covid-19's Mitigation

Budget financing's adjustment in Perpres 72/2020

Most countries undertake countercyclical policy by giving stimulus through extraordinary scheme and enormous amount. This stimulus affects to budget deficit which surges into 6.34% to GDP

Budget Financing (Trillion Rupiah)	Perpres 54/2020	Perpres 72/2020	Difference
I. Debt Financing	1,006.4	1,220.5	214.1
II. Investment Financing	(229.3)	(257.1)	(27.8)
III. Lending	5.8	5.8	-
IV. Government Guarantee	(0.6)	(0.6)	-
V. Other Financing	70.6	70.6	-
TOTAL	852.9	1,039.2	186.3



NATIONAL ECONOMIC RECOVERY

Assistance to State Owned Enterprises (SOEs) and Public Service Agency (BLU)

- **Participation of State Capital (Penyertaan Modal Negara) Rp20.5 T** to improve SOE's capital structure which is affected by COVID-19, also to implement special assignment from government for economic recovery
- **Loan Rp29.7 T**
This bailout is used to stimulate SOE's working capital which is impacted by COVID-19 in short-term
- **Investment funding to Koperasi through Revolving Fund Management Institution for MSME (LPDB KUMKM) (Rp1.0T)**
- **Placement of funds for MSME and labor intensive's restructuration (Rp82.2T)**
- **Guarantee for MSME's working capital (stop loss) (Rp1.0 T)**
- **Lending facility to region (Rp10.0 T)**



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