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INFORMATION	Updates on The Government plan to Implement Carbon Tax on 2022

The government plans to collect a carbon tax and it will be implemented starting 2022 based on Minister of Finance Sri Mulyani's conclave with the Commission XI DPR RI (People's Representative Council of Indonesia) on Monday, June 29th 2021. The plan is contained in the Draft Law on the Fifth Amendment to Law Number 6/1983 concerning General Provisions and Tax Procedures (KUP).

The regulation stated that the subject of the carbon tax is an individual or entity that purchases carbon-containing goods and/or engages in activities that produce carbon emissions. The applicable carbon tax is goods that contain carbon or activities that produce carbon emissions in a certain amount and for a certain period. The carbon tax rate is planned to be set at a minimum of IDR 75 per kilogram (kg) of carbon dioxide equivalent (CO_2e) or equivalent units.

According to the Ministry of Finance, Sri Mulyani, there are several reasons for imposing this carbon tariff, one of which is environmental issues. Indonesia is committed to reducing greenhouse gas emissions by 26% this year and 29% by 2030. Therefore, to achieve this goal, regulations for levies on carbon emissions are needed. In addition, Indonesia is very vulnerable to climate change which results in quite large losses every year. In fact, to control climate change, Indonesia is always short on funds. Therefore, the government needs to receive carbon tax revenues in controlling climate change.

Reference:
- The Draft Law on the Fifth Amendment to Law Number 6/1983

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id.
Thank you for your attentionand hope this information would be valuable for you.

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