PRESIDENT OF
THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA
NUMBER 18 OF 2016
REGARDING
STATE BUDGET FOR FISCAL YEAR 2017
BY THE GRACE OF GOD ALMIGHTY
THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : a. whereas the State Budget as the realization of state finance management shall be implemented transparently and accountably for the maximum benefit of the people’s prosperity;

b. whereas the State Budget for Fiscal Year 2017 as contained in the Law on State Budget for Fiscal Year 2017 shall be prepared in accordance with the need of state administration and the capability of collecting state revenues for the realization of an economic democracy-based national economy with the principles of togetherness, efficiency, justice, continuity, environmental sense, independence, while maintaining the balanced advancement and unity of national economy;

c. whereas based on the considerations as set forth in letters a and b, and by implementing the provision of Article 23 paragraph (1) of the 1945 Constitution of the Republic of Indonesia, it is necessary to stipulate a Law regarding the State Budget for Fiscal Year 2017;

In view of...
In view of:

1. Article 5 paragraph (1), Article 20, Article 23 paragraphs (1) and (2), Article 31 paragraph (4), and Article 33 paragraphs (1), (2), (3), and (4) of the 1945 Constitution of the Republic of Indonesia;

2. Law Number 17 of 2003 regarding State Finance (Supplement Number 4286 to State Gazette of the Republic of Indonesia Number 47 of 2003);

3. Law Number 25 of 2004 regarding National Development Planning System (Supplement Number 4421 to State Gazette of the Republic of Indonesia Number 104 of 2004);

4. Law Number 17 of 2014 regarding People’s Consultative Assembly, House of Representatives, Regional Representative Council, and Regional House of Representatives (Supplement Number 5568 to State Gazette of the Republic of Indonesia Number 182 of 2014) as amended by Law Number 42 of 2014 regarding Amendment to Law Number 17 of 2014 regarding People’s Consultative Assembly, House of Representatives, Regional Representative Council, and Regional House of Representatives (Supplement Number 5650 to State Gazette of the Republic of Indonesia Number 383 of 2014);

With...
BE IT HEREBY RESOLVED:

To stipulate: LAW REGARDING STATE BUDGET FOR FISCAL YEAR 2017.

Article 1

As intended herein, the following terms shall have the corresponding meaning as referred to hereunder:

1. State Revenue and Expenditure Budget, hereinafter referred to as State Budget (APBN), shall mean the draft annual finances of the state government which is approved by the House of Representatives.

2. State Revenue shall mean the right of the Central Government which is recognized as addition to net assets consisting of Tax Revenue, Non-Tax Revenue, and Grant Revenue.

3. Tax Revenue shall mean all government revenues that consist of Domestic Tax Revenue and International Trade Tax Revenue.

4. Domestic Tax Revenue shall mean all government revenues derived from income tax, value added tax on goods and services and sales tax on luxurious goods, property tax, customs tax, and other tax revenues.

5. International Trade Tax Revenue shall mean all state revenues derived from the import and export duties.

6. Non-Tax...
6. Non-Tax State Revenue, hereinafter referred to as PNBP, shall mean all Central Government revenues that are received from natural resources (SDA), Government’s portion of profit revenues of State-Owned Enterprises (BUMN), other PNBP, as well as revenue from the Public Service Agencies (BLU).

7. Grant Revenue shall mean all state revenues either in the form of foreign exchange and/or foreign exchange denominated in rupiah, rupiahs, services, and/or securities acquired from grantors that do not have to be repaid and are not binding, both from domestic or abroad.

8. State Expenditure shall mean the obligation of the Central Government which is recognized as a reduction of net worth value consisting of Central Government expenditure and Transfer to Regions and Village Fund.

9. Central Government Expenditure by Function shall mean the Central Government expenditure which is utilized to run the functions of general services, defense, order and security, economy, environment, housing and public facility, health, tourism, religion, education, and social protection.

10. Central Government Expenditure by Organization shall mean the Central Government expenditure allocated to the state ministry/institution and the Budget Portion of the General State Treasurer.

11. Central Government Expenditure by Program shall mean the Central Government expenditure that is allocated to achieve specific outcomes in the Budget Portions of the state ministry/institution, and the General State Treasurer.

12. Subsidy...
12. Subsidy Management Program shall mean provision of support in the form of budget allocations to state enterprises, government institutions, or third parties under the applicable laws and regulations to the provision of goods and services which are strategic and affect the life of the people in accordance with the financial capacity of the state.

13. Transfer to Regions shall mean the portion of the State Expenditure in order to finance the implementation of fiscal decentralization in the form of Balancing Fund, Regional Incentive Fund, Special Autonomy Fund, and Privileges Fund of the Special Region of Yogyakarta.

14. Balancing Fund shall mean the fund allocated in the State Budget to regional governments to finance their needs in implementation of decentralization, which consists of General Purpose Grant, and Special Purpose Grant.

15. General Purpose Grant shall mean the fund allocated in the State Budget to regional governments for use in accordance with the regional authority to finance the need of local governments in the implementation of decentralization.

16. Revenue Sharing Fund, hereinafter referred to as DBH, shall mean the fund allocated in the State Budget to regional governments at a certain percentage of the state revenues to finance the needs of local governments in the implementation of decentralization.

17. General Allocation Fund, hereinafter referred to as DAU, shall mean the fund allocated in the State Budget to regional governments for the purpose of inter-regional equity of financial capacity to finance the needs of local governments in the implementation of decentralization.

18. Special Purpose Grant shall mean the fund allocated in the State Budget to regional governments for assisting them to finance certain physical or non-physical activities of regional affairs.

19. Special...
19. Special Allocation Fund, hereinafter referred to as DAK, shall mean the fund allocated in the State Budget to certain regional governments for assisting them to finance certain activities of regional affairs and in accordance with the national priorities.

20. Regional Incentive Fund, hereinafter referred to as DID, shall mean the fund allocated in the State Budget to certain regional governments based on certain criteria for the purpose of giving award for the achievement of certain performance.

21. Special Autonomy Fund shall mean the fund allocated in the State Budget to finance the implementation of special autonomy in certain regions, as stipulated in Law Number 35 of 2008 regarding the Establishment of the Government Regulation in lieu of Law Number 1 of 2008 regarding the Amendment to Law Number 21 of 2001 regarding the Special Autonomy for Papua Province to become Law and Law Number 11 of 2006 regarding Aceh Government.

22. Privileges Fund of the Special Region of Yogyakarta shall mean the fund allocated in the State Budget for the administration of privileges of the Special Region of Yogyakarta, as stipulated in Law Number 13 of 2012 regarding the Privileges of the Special Region of Yogyakarta.

23. Village fund shall mean the fund allocated in the State Budget to villages which is transferred through the Regional Budget of the regency/city and utilized to finance the local government administration, development implementation, social development, and community empowerment.
24. Budget Finances shall mean any admission that needs to be repaid, return receipts over expenditure of previous fiscal years, return expenditures over revenues of previous fiscal years, use of accumulated budget surplus, and/or return receipts of expenditure, either in the current or subsequent fiscal years.

25. Surplus Budget Finance, hereinafter referred to as SiLPA, shall mean the surplus of budget financing outcomes over realization of budget deficits outcomes within one reporting period.

26. Accumulated Budget Surplus, hereinafter referred to as SAL, shall mean the net accumulation of SiLPA and Minus Financing (SiKPA) for the previous fiscal years and the relevant fiscal year after closing, plus/minus bookkeeping correction.

27. Government Securities, hereinafter referred to as SBN, shall include the government bonds and state sharia bond.

28. Government Bonds, hereinafter referred to as SUN, shall mean securities in the form of the debt instruments denominated in rupiah and foreign currency which their payment of interest and principal is guaranteed by the State of the Republic of Indonesia in accordance with the validity period.

29. State Sharia Bond, hereinafter referred to as SBSN or may be referred to as sovereign sukuk, shall mean SBN issued based on sharia principles as evidence for participation in SBSN assets, both in Rupiah and foreign currency.

30. Undetermined...
30. Undetermined Status of Government Assistance Settlement, hereinafter referred to as BPYBDS, shall mean the Government assistance in the form State Owned Assets from the State Budget, which has been operated and/or used by BUMN based on the Certificate of Handover and, so far, recorded in the financial statements of the state ministry/institution or the BUMN.

31. State Equity Participation, hereinafter referred to as PMN, shall mean State Budget fund which is allocated to separated state wealth or the establishment of company reserve or any other sources as the capital of BUMN and/or other limited liability company and managed in corporate manner.

32. Revolving Fund shall mean the fund managed by certain BLU to be advanced and revolved to the community/institution which is aimed at improving the people’s economy and other purposes.

33. Domestic Loan shall mean any loan by the Government obtained from domestic lenders that needs to be repaid under certain requirements, in accordance with the validity period.

34. Guarantor Liabilities shall mean the liabilities potentially borne by the Government due to the provision of guarantee to state ministry/institution, Regional Government, State-Owned Enterprise, and Regional Government Owned-Enterprise in the event that any of such bodies fails to pay its obligations to the creditors and/or business entities in accordance with the loan agreement or cooperation agreement.

35. Net Foreign...
35. Net Foreign Loan shall mean all loans derived from the withdrawal of foreign loans which consist of cash loan and project loan, less foreign loan principal installment.

36. Cash Loan shall mean foreign loan received in the form of foreign exchange and/or rupiah to be utilized to finance State Budget deficit and to manage loan portfolio.

37. Project Loan shall mean foreign loan utilized to finance certain activities of the state ministry/institution, on-lent loans to regional governments and/or BUMNs, and on-granted loans to regional governments.

38. Subsidiary Loan shall mean loan from the Central Government to the Regional Government, BUMN, Institution, and/or other entities which shall be repaid under certain terms and conditions.

39. Education Budget shall mean the budget allocation to the function of education which is budgeted through the state ministry/institution, education budget allocation through transfer of funds to regions and villages, and education budget allocation through the finance expenditure, including salaries of educators, excluding the official service education, to finance the provision of education which is the responsibility of the Government.

40. Percentage of Education Budget shall mean the ratio of total education budget allocation to the state expenditure budget.

41. Fiscal Year 2017 shall mean the period of 1 (one) year commencing from January 1 up to December 31, 2017.
Article 2

State Budget shall consist of the State Revenue budget, State Expenditure budget, and Budget Finance.

Article 3

State Revenue Budget for Fiscal Year 2017 is planned at Rp1,750,283,380,176,000.00 (one quadrillion seven hundred fifty trillion two hundred eighty three billion three hundred eighty million one hundred seventy six thousand rupiah), which shall be sourced from the following:

a. Tax Revenue;

b. PNBP; and

c. Grant Revenue.

Article 4

(1) Tax Revenue as referred to in Article 3 letter a is planned at Rp1,498,871,646,935,000.00 (one quadrillion four hundred ninety eight trillion eight hundred seventy one billion six hundred forty six million nine hundred thirty five thousand rupiah), which consists of:

a. Domestic Tax Revenue; and

b. International Trade Tax Revenue.

(2) Domestic Tax Revenue as referred to in paragraph (1) letter a is planned at Rp1,464,796,546,935,000.00 (one quadrillion four hundred sixty four trillion seven hundred ninety six billion five hundred forty six million nine hundred thirty five thousand rupiah), which consists of:

a. income...
(3) Income Tax revenue as referred to in paragraph (2) letter a is planned at Rp787,704,689,217,000.00 (seven hundred eighty seven trillion seven hundred four billion six hundred seventeen thousand rupiah), including the Government-borne income tax (PPh DTP) for:

a. geothermal commodity, amounting to Rp1,625,690,000,000.00 (one trillion six hundred twenty five billion six hundred ninety million rupiah), to be implemented as governed by the Regulation of the Minister of Finance;

b. interest, yields, and third party's income upon the service(s) provided to the Government in issuance and/or buy-back/exchange of SBN in the international market, excluding local legal consultant services, amounting to Rp8,092,806,218,000.00 (eight trillion ninety two billion eight hundred six million two hundred eighteen thousand rupiah), to be implemented as governed by the Regulation of the Minister of Finance; and

c. income from absolute write-off of non-principal account receivables sourced from Subsidiary Loan, Investment Fund Account, and Regional Development Account received by the Municipal Waterworks (PDAM), amounting to Rp124,288,522,000.00 (one hundred twenty four billion two hundred eighty eight million five hundred twenty two thousand rupiah), to be implemented as governed by the Regulation of the Minister of Finance.
(4) Value added tax on goods and services and sales tax on luxury goods revenue as referred to in paragraph (2) letter b is planned at Rp493,888,705,926,000.00 (four hundred ninety three trillion eight hundred eighty eight billion seven hundred five million nine hundred twenty six thousand rupiah).

(5) Property tax revenue as referred to in paragraph (2) letter c is planned at Rp17,295,591,674,000.00 (seventeen trillion two hundred ninety five billion five hundred ninety one million six hundred seventy four thousand rupiah).

(6) Excise revenue as referred to in paragraph (2) letter d is planned at Rp157,158,000,000,000.00 (one hundred fifty seven trillion one hundred fifty eight billion rupiah).

(7) Other tax revenue as referred to in paragraph (2) letter e is planned at Rp8,749,560,118,000.00 (eight trillion seven hundred forty nine billion five hundred sixty million one hundred eighteen thousand rupiah).

(8) International Trade Tax Revenue as referred to in paragraph (1) letter b is planned at Rp34,075,100,000,000.00 (thirty four trillion seventy five billion one hundred million rupiah), which consists of:
   a. import duty revenue; and
   b. export duty revenue.

(9) Import duty revenue as referred to in paragraph (8) letter a is planned at Rp33,735,000,000,000.00 (thirty three trillion seven hundred thirty five billion rupiah), which includes Government-borne import duty (BM DTP), amounting to Rp500,000,000,000.00 (five hundred billion rupiah), to be implemented as governed by the Regulation of the Minister of Finance.
Export duty revenue as referred to in paragraph (8) letter b is planned at Rp340,100,000,000.00 (three hundred forty billion one hundred million rupiah).

Further provision regarding the detail of Tax Revenue of Fiscal Year 2017 as referred to in paragraphs (2) and (8) shall be governed by Presidential Regulation.

Article 5

PNBP as referred to in Article 3 letter b is planned at Rp250,039,071,639,000.00 (two hundred fifty trillion thirty nine billion seven hundred one million six hundred thirty nine thousand rupiah), which consists of:

a. SDA revenue;

b. portion of BUMN profit revenue;

c. other PNBP; and

d. BLU revenue.

SDA revenue as referred to in paragraph (1) letter a is planned at Rp86,995,859,805,000.00 (eighty six trillion nine hundred ninety five billion eight hundred fifty nine million eight hundred five thousand rupiah), which consists of:

a. oil and gas natural resources revenue (SDA Migas); and

b. non-oil and gas natural resources revenue of (SDA Non-Migas).

Portion of BUMN profit revenue as referred to in paragraph (1) letter b is planned at Rp41,000,000,000,000.00 (forty one trillion rupiah).
To optimize the portion of BUMN profit revenue in banking industry, settlement of non-performing loans in BUMN engaged in banking industry shall be carried out:

a. in compliance with the provision of legislation on Limited Liability Company (PT), BUMN, and Banking industries;

b. by considering the principle of good corporate governance; and

c. by way of performance by the Government of supervision on the settlement of non-performing loans in BUMN engaged in banking industry.

Other PNBP as referred to in paragraph (1) letter c is planned at Rp84,428,114,466,000.00 (eighty four trillion four hundred twenty eight billion one hundred fourteen million four hundred sixty six thousand rupiah).

BLU revenue as referred to in paragraph (1) letter d is planned at Rp37,615,097,368,000.00 (thirty seven trillion six hundred fifteen billion ninety seven million three hundred sixty eight thousand rupiah).

Further provision regarding detail of PNBP for Fiscal Year 2017 as referred to in paragraphs (2), (3), (5), and (6) shall be governed by Presidential Regulation.

Article 6

Grant Revenue as referred to in Article 3 letter c is planned at Rp1,372,661,602,000.00 (one trillion three hundred seventy two billion six hundred sixty one million six hundred two thousand rupiah).
State Expenditure Budget for Fiscal Year 2017 is planned at Rp2,080,451,168,747,000.00 (two quadrillion eighty trillion four hundred fifty one billion one hundred sixty eight million seven hundred forty seven thousand rupiah), which consists of:

a. Central Government Expenditure budget; and

b. Transfer to Regions and Village Fund budget.

Article 8

(1) Central Government Expenditure Budget as referred to in Article 7 letter a is planned at Rp1,315,526,103,976,000.00 (one quadrillion three hundred fifteen trillion five hundred twenty six billion one hundred three million nine hundred seventy six thousand rupiah).

(2) Central Government Expenditure Budget as referred to in paragraph (1) shall include state grant management program, amounting to Rp2,199,074,000,000.00 (two trillion one hundred ninety nine billion seventy four million rupiah), which is then granted and/or subsidized to the regional government.

(3) Central Government Expenditure Budget as referred to in paragraph (1) shall be categorized into:

a. Central Government Expenditure by Function;

b. Central Government Expenditure by Organization; and

c. Central Government Expenditure by Program.

(4) Further provision regarding detail of Central Government Expenditure Budget by Function, Organization, and Program as referred to in paragraph (3), shall be governed by Presidential Regulation.
(1) Transfer to Regions and Village Fund budget as referred to in Article 7 letter b is planned at Rp764,925,064,771,000.00 (seven hundred sixty four trillion nine hundred twenty five billion sixty four million seven hundred seventy one thousand rupiah), which consists of:

a. Transfer to Regions; and
b. Village Fund.

(2) Transfer to Regions as referred to in paragraph (1) letter a is planned at Rp704,925,064,771,000.00 (seven hundred four trillion nine hundred twenty five billion sixty four million seven hundred seventy one thousand rupiah), which consists of:

a. Balancing Fund;
b. DID; and
c. Special Autonomy Fund and Privileges Fund of the Special Region of Yogyakarta.

(3) Village Fund as referred to in paragraph (1) letter b is planned at Rp60,000,000,000,000.00 (sixty trillion rupiah).

(4) Village Fund as referred to in paragraph (3) shall be allocated to every regency/municipality with provisions as follows:

a. 90% (ninety percent) is equally allocated to all villages; and
b. 10% (ten percent) is allocated based on the village’s population, poverty rate, area, and geographical accessibility.
Balancing Fund as referred to in Article 9 paragraph (2) letter a is planned at Rp677,079,873,537,000.00 (six hundred seventy seven trillion seventy nine billion eight hundred seventy three million five hundred thirty seven thousand rupiah), which consists of:

a. General Purpose Grant; and

b. Special Purpose Grant.

Article 11

(1) General Purpose Grant as referred to in Article 10 letter a is planned at Rp503,632,663,501,000.00 (five hundred three trillion six hundred thirty two billion six hundred sixty three million five hundred one thousand rupiah), which consists of:

a. DBH (Revenue Sharing Fund); and

b. DAU (General Allocation Fund).

(2) DBH as referred to in paragraph (1) letter a is planned at Rp92,793,395,139,000.00 (ninety two trillion seven hundred ninety three billion three hundred ninety five million one hundred thirty nine thousand rupiah), which consists of:

a. Tax DBH amounting to Rp58,576,503,913,000.00 (fifty eight trillion five hundred seventy six billion five hundred three million nine hundred thirteen thousand rupiah), with details as follows:

1) Tax DBH of current fiscal year amounting to Rp53,021,040,307,000.00 (fifty three trillion twenty one billion forty million three hundred seven thousand rupiah); and

2) Underpaid...
2) Underpaid Tax DBH amounting to Rp5,555,463,606,000.00 (five trillion five hundred fifty five billion four hundred sixty three million six hundred six thousand rupiah).

b. SDA DBH amounting to Rp34,216,891,226,000.00 (thirty four trillion two hundred sixteen billion eight hundred ninety one million two hundred twenty six thousand rupiah), with details as follows:

1) SDA DBH of current fiscal year amounting to Rp28,915,462,366,000.00 (twenty eight trillion nine hundred fifteen billion four hundred sixty two million three hundred sixty six thousand rupiah); and

2) Underpaid SDA DBH amounting to Rp5,301,428,860,000.00 (five trillion three hundred one billion four hundred twenty eight million eight hundred sixty thousand rupiah).

(3) Tax DBH as referred to in paragraph (2) letter a consists of:

a. Property Tax (PBB);

b. Income Tax (PPh) of Articles 21, 25 and 29 of Domestic Individual Taxpayer (WPOPDN); and

c. Tobacco Product Excise (CHT).

(4) SDA DBH as referred to in paragraph (2) letter b consists of:

a. Oil and Gas;

b. Mineral and Coal;

c. Forestry;

d. Fishery; and

e. Geothermal.

(5) The forestry...
(5) The Forestry DBH as referred to in paragraph (4) letter c, in particular the Reforestation Fund previously distributed to producer regencies/cities, will be from Fiscal Year 2017 distributed to producer provinces to finance the reforestation and rehabilitation activities of forests within such provinces.

(6) Utilization of CHT DBH as referred to in paragraph (3) letter c, Oil and Gas DBH as referred to in paragraph (4) letter a and Forestry DBF as referred to in paragraph (4) letter c shall be regulated as follows:

a. Revenue of CHT DBH, either for provincial or for regency/municipal portion, shall be allocated with conditions as follows:
   1. At least 50% (fifty percent) to fund the improvement of raw material quality, industrial development, social environmental fostering, socialization of regulations on excise, and/or eradication of illegal excisable goods; and
   2. At most 50% (fifty percent) to fund activities in accordance with the needs and priority of the region.

b. Revenue of Oil and Gas DBH, either for provincial or for regency/municipal portion, shall be utilized in accordance with the needs and priority of the region, except supplement Oil and Gas DBH for the West Papua and Aceh Provinces, which shall be utilized in compliance with the statutory regulations.

c. Forestry DBH from Reforestation Fund which is regency/city portion, distributed in 2016 or previous years and still remaining in the regional treasury may be used for:

   1. management...
management of great forest park;
2. prevention and control of forest fire;
3. area demarcation;
4. supervision and protection;
5. planting of trees in critical river basin area (DAS), planting of bamboo trees on the left and right riverbanks, and supply of land and water conservation structures;
6. nursery development; and/or
7. research and development such as, among others, use of area, planting of local prominent forest trees, and implementation of selective cutting and line planting system.

(7) DAU as referred to in paragraph (1) letter b is planned at Rp410,839,268,362,000.00 (four hundred ten trillion eight hundred thirty nine billion two hundred sixty eight million three hundred sixty two thousand rupiah), which consists of:

a. pure DAU amounting to Rp401,129,780,828,000.00 (four hundred one trillion one hundred twenty nine billion seven hundred eighty million eight hundred twenty eight thousand rupiah); and

b. remaining amount of delayed distribution of part of DAU of Fiscal Year 2016 totaling Rp9,709,487,534,000.00 (nine trillion seven hundred nine billion four hundred eighty seven million five hundred thirty four thousand rupiah).
Pure DAU as referred to in paragraph (7) letter a shall consist of:

a. pure DAU allocated in the amount of Rp380,824,402,322,000.00 (three hundred eighty trillion eight hundred twenty four billion four hundred two million three hundred twenty two thousand rupiah) or equivalent to 28.7% (twenty eight point seven percent) of the Net PDN;

b. Additional DAU for Provinces due to delegation of authority from Regency/City to Province in the amount of Rp15,468,933,728,000.00 (fifteen trillion four hundred sixty eight billion nine hundred thirty three million seven hundred twenty eight thousand rupiah); and

c. Additional DAU for prevention of decrease in allocation of DAU to Regency/City in the amount of Rp4,836,444,778,000.00 (four trillion eight hundred thirty six billion four hundred forty four million seven hundred seventy eight thousand rupiah).

Net PDN shall be calculated based on the sum of Tax Revenue and PNBP (Non-Tax State Revenue), less the State Revenue Shared to the Region.

The ceiling of National DAU in the State Budget is not final and may be subject to change in case of changes in the net PDN stated in the Revised State Budget.

In case of change in net PDN lowering the ceiling of National DAU and allocation of DAU per region, a specific treatment (attention) shall be given to regions that have very limited capacity and fiscal space in order to maintain their respective regional allocation ceiling, so that they are able to finance their respective employee expenditures and operating needs (with no decrease).

(12) Allocation...
(12) Allocation of DAU to Provinces shall consider any budget expense which may arise from delegation of affairs/authorities from regencies/cities to provinces in accordance with the prevailing statutory regulations.

(13) Allocation of DAU to regencies/cities shall consider the existing policies in order to maintain the amount of DAU allocated to regencies/cities at the same level if compared to previous years.

(14) The allocated General Purpose Grant as referred to in paragraph (1) shall be used in accordance with the needs and priorities of the region.

(15) Use of the General Purpose Grant shall be stipulated, namely at least 25% (twenty five percent) thereof to cover regional infrastructure expenditure directly related to accelerated construction of public and economic service facilities in order to increase the number of job opportunities, reduce the poverty rate, and cut down the gap in availability of public services between regions.

Article 12

(1) Special Purpose Grant as referred to in Article 10 letter b is planned at Rp173,447,210,036,000.00 (one hundred seventy three trillion four hundred forty seven billion two hundred ten million thirty six thousand rupiah), which consists of:

a. Physical DAK; and

b. Non-Physical DAK.

(2) Allocation of Physical DAK as referred to in paragraph (1) letter a shall be specified based on the recommendation of the regions by taking into account the national priority and the financial capacity of the state.
(3) Physical DAK as referred to in paragraph (1) letter a is planned at Rp58,342,210,436,000.00 (fifty eight trillion three hundred forty two billion two hundred ten million four hundred thirty six thousand rupiah), which consists of:

a. Regular DAK, amounting to Rp20,396,248,563,000.00 (twenty trillion three hundred ninety six billion two hundred forty eight million five hundred sixty three thousand rupiah);

b. Assignment DAK, amounting to Rp34,466,762,990,000.00 (thirty four trillion four hundred sixty six billion seven hundred sixty two million nine hundred ninety thousand rupiah); and

c. Affirmation DAK, amounting to Rp3,479,198,883,000.00 (three trillion four hundred seventy nine billion one hundred ninety eight million eight hundred eighty three thousand rupiah).

(4) Regular DAK as referred to in paragraph (3) letter a shall be utilized to fund activities in the following sectors:

a. Education, amounting to Rp6,107,100,000,000.00 (six trillion one hundred seven billion one hundred million rupiah);

b. Health, amounting to Rp10,021,820,000,000.00 (ten trillion twenty one billion eight hundred twenty million rupiah);

c. Housing and Settlement, amounting to Rp654,890,000,000.00 (six hundred fifty four billion eight hundred ninety million rupiah);

d. Agriculture, amounting to Rp1,650,038,563,000.00 (one trillion six hundred fifty billion thirty eight million five hundred sixty three thousand rupiah);

e. Marine...
e. Marine and Fishery, amounting to Rp926,500,000,000.00 (nine hundred twenty six billion five hundred million rupiah);

f. Small and Medium Scale Industrial Center, amounting to Rp531,500,000,000.00 (five hundred thirty one billion five hundred million rupiah); and

g. Tourism, amounting to Rp504,400,000,000.00 (five hundred four billion four hundred million rupiah).

(5) Assignment DAK as referred to in paragraph (3) letter b shall be utilized to fund activities in the following sectors:

a. Education of Vocational Secondary Schools amounting to Rp1,951,802,990,000.00 (one trillion nine hundred fifty one billion eight hundred two million nine hundred ninety thousand rupiah);

b. Health (Referral/Primary Hospitals) amounting to Rp4,831,260,000,000.00 (four trillion eight hundred thirty one billion two hundred sixty million rupiah);

c. Drinking Water amounting to Rp1,200,300,000,000.00 (one trillion two hundred billion three hundred million rupiah);

d. Sanitation amounting to Rp1,250,200,000,000.00 (one trillion two hundred fifty billion two hundred million rupiah);

e. Roads amounting to Rp19,690,100,000,000.00 (nineteen trillion six hundred ninety billion one hundred million rupiah);

f. Markets amounting to Rp1,035,700,000,000.00 (one trillion thirty five billion seven hundred million rupiah);

g. Irrigation...
(6) Affirmation DAK as referred to in paragraph (3) letter c shall be utilized to fund activities in the following sectors:

a. Housing and Settlement amounting to Rp383,300,000,000.00 (three hundred eighty three billion three hundred million rupiah);

b. Transportation amounting to Rp844,100,000,000.00 (eight hundred forty four billion one hundred million rupiah); and

c. Health amounting to Rp2,251,798,883,000.00 (two trillion two hundred fifty one billion seven hundred ninety eight million eight hundred eighty three thousand rupiah).

(7) Non-Physical DAK as referred to in paragraph (1) letter b is planned at Rp115,104,999,600,000.00 (one hundred fifteen trillion one hundred four billion nine hundred ninety nine million six hundred thousand rupiah), which consists of:

a. School Operational Assistance (BOS) fund, amounting to Rp45,119,999,600,000.00 (forty five trillion one hundred nineteen billion nine hundred ninety nine million six hundred thousand rupiah);

b. Early Childhood Education Operational Assistance (BOP PAUD) fund, amounting to Rp3,581,700,000,000.00 (three trillion five hundred eighty one billion seven hundred million rupiah);

c. Professional Allowance for Regional Civil Servant Teacher, amounting to Rp55,573,400,000,000.00 (fifty five trillion five hundred seventy three billion four hundred million rupiah);
d. Income Supplement for Regional Civil Servant Teachers, amounting to Rp1,400,000,000,000.00 (one trillion four hundred billion rupiah);

e. Health Operational Assistance (BOK) fund and Family Planning Operational Assistance (BOKB) fund, amounting to Rp6,910,000,000,000.00 (six trillion nine hundred ten billion rupiah);

f. Capacity Building of Cooperative, Small and Medium Business (PK2 UKM) fund, amounting to Rp100,000,000,000.00 (one hundred billion rupiah);

g. Special Allowance for Regional Civil Servant Teachers in Special Region amounting to Rp1,669,900,000,000.00 (one trillion six hundred sixty nine billion nine hundred million rupiah); and

h. Population Administrative Service fund, amounting to Rp750,000,000,000.00 (seven hundred fifty billion rupiah)/

(8) DAK recipient Regions do not provide associate fund.

Article 13

(1) DID as referred to in Article 9 paragraph (2) letter b is planned at Rp7,500,000,000,000.00 (seven trillion five hundred billion rupiah).

(2) DID shall be allocated based on general and performance criteria.

(3) Further provision regarding performance criteria as referred to in paragraph (2) shall be governed by Regulation of the Minister of Finance regarding fiscal health rating and regional financial management.

(4) The received DID shall be utilized in accordance with the regional needs and priority.

Article 14...
(1) Special Autonomy Fund and Privileges Fund of the Special Region of Yogyakarta as referred to in Article 9 paragraph (2) letter c is planned at Rp20,345,191,234,000.00 (twenty trillion three hundred forty five billion one hundred ninety one million two hundred thirty four thousand rupiah), which consists of:

a. Special Autonomy Fund; and

b. Privileges Fund of the Special Region of Yogyakarta.

(2) Special Autonomy Fund as referred to in paragraph (1) letter a is planned at Rp19,545,191,234,000.00 (nineteen trillion five hundred forty five billion one hundred ninety one million two hundred thirty four thousand rupiah), which consists of:

a. allocation of Special Autonomy Fund of Papua Province and West Papua Province, amounting to Rp8,022,595,617,000.00 (eight trillion twenty two billion five hundred ninety five million six hundred seventeen thousand rupiah), to be distributed to Papua Province and West Papua Province with proportion of 70% (seventy percent) and 30% (thirty percent), respectively with the detail as follows:

1. Special Autonomy Fund of Papua Province, amounting to Rp5,615,816,932,000.00 (five trillion six hundred fifteen billion eight hundred sixteen million nine hundred thirty two thousand rupiah); and

2. Special Autonomy Fund of West Papua Province, amounting to Rp2,406,778,685,000.00 (two trillion four hundred six billion seven hundred seventy eight million six hundred eighty five thousand rupiah).

b. allocation...
b. allocation of Special Autonomy Fund of Aceh Province, amounting to Rp8,022,595,617,000.00 (eight trillion two billion five hundred ninety five million six hundred seventeen thousand rupiah); and

c. Supplement Fund of Infrastructure in the framework of Special Autonomy of Papua Province and West Papua Province, amounting to Rp3,500,000,000,000.00 (three trillion five hundred billion rupiah) with detail as follows:

1. Supplement Fund of Infrastructure for Papua Province, amounting to Rp2,625,000,000,000.00 (two trillion six hundred twenty five billion rupiah); and

2. Supplement Fund of Infrastructure for West Papua Province, amounting to Rp875,000,000,000.00 (eight hundred seventy five billion rupiah).

(3) Privileges Fund of the Special Region of Yogyakarta as referred to in paragraph (l) letter b is planned at Rp800,000,000,000.00 (eight hundred billion rupiah).

Article 15

(1) Further provision regarding the detail of Transfer to Regions and Village Fund Budget as referred to in Articles 9, 10, 11, 12, 13, and 14 shall be governed in the Presidential Regulation.

(2) Further provision regarding technical guidance for the implementation of Physical DAK as referred to in Article 12 paragraph (1) letter a shall be governed in the Presidential Regulation no later than 1 (one) month upon enactment of Presidential Regulation regarding Detail of State Budget for Fiscal Year 2017.

(3) Provision regarding the distribution of Transfer to Regions and Village Fund shall be regulated as follows:

a. distribution of Transfer to Regions and Village Fund may be made in cash or non-cash;

b. for...
b. for regions having treasury cash and/or savings in bank in an unreasonable sum, non-cash conversion of DBH and/or DAU distribution shall be made; and

c. such distribution shall be carried out based on the performance and the progress stage.

(4) Further provision regarding the distribution of Transfer to Regions and Village Fund as referred to in paragraph (3) shall be governed in the Regulation of the Minister of Finance.

Article 16

(1) Subsidy Management Program in Fiscal Year 2017 is planned at Rp160,055,480,773,000.00 (one hundred sixty trillion fifty five billion four hundred eighty million seven hundred seventy three thousand rupiah).

(2) Budget for Subsidy Management Program as referred to in paragraph (1) shall be utilized effectively.

(3) Budget for Subsidy Management Program as referred to in paragraph (1) may be adjusted to the need of realization in the current fiscal year based on the changes in parameter, the realization of Indonesia crude price, and/or the exchange rate of rupiah.

(4) Further provision regarding detail of Subsidy Management Program for Fiscal Year 2017 as referred to in paragraph (1) shall be governed by Presidential Regulation.

Article 17

For efficient and effective implementation of the budget of the state ministry/institution, the Government shall provide incentives towards the implementation of budget of the state ministry/institution which will be further governed by the Regulation of the Minister of Finance.

Article 18...
(1) The changes in Central Government Expenditure budget, in the form of:
   a. changes in the expenditure budget sourced from PNBP;
   b. changes in the expenditure budget sourced from foreign and domestic loans and grants, including those subsequently granted;
   c. shift of Budget Section 999.08 (State General Treasurer Managing Other Expenditures) to the Budget Section of the state ministry/agency, or between the budget subsections in the Budget Section 999 (BA BUN);
   d. changes in the expenditure budget sourced from the SBSN to finance the activity/project of the state ministry/institution;
   e. inter-program budget shift in 1 (one) Budget Section sourced from pure rupiah to meet the needs of operational cost;
   f. inter-program budget shift in 1 (one) Budget Section to meet the needs of ineligible expenditure for activities funded by foreign loan and/or grant;
   g. budget shift from existing program to new program in order to complete the administration of Budget Implementation Checklist subject to approval of the House of Representatives; and/or
   h. budget shift for allocation of fund to settle the restructuring of state ministry/institution, shall be stipulated by the Government.

(2) Further changes in Budget Financing in the form of changes of the ceiling for foreign Subsidiary Loan resulting from continued and accelerated drawdown of Subsidiary Loan, and validation of Subsidiary Loan at its closing date, shall be stipulated by the Government.

(3) Changes...
(3) Changes in Central Government Expenditure budget in the form of change in the ceiling for validation of expenditure and finance receipt and/or grant receipt sourced from foreign loan/grant including those subsequently granted which has reached closing date, shall be stipulated by the Government.

(4) Changes as referred to in paragraphs (1), (2), and (3) shall be reported by the Government to the House of Representatives in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Statements (LKPP).

Article 19

(1) The Government may continue to complete all activities budgeted in fiscal year 2016 which are still outstanding until the end of fiscal year 2016 due to budget saving in 2016, in Fiscal Year 2017.

(2) To fulfill the required budget for completion of the activities as referred to in paragraph (1), the Government may conduct inter-program budget shift within 1 (one) Budget Section and notify the same to the relevant commission of the House of Representatives.

(3) Further provision regarding completion of activities as referred to in paragraph (1) and fulfillment of the required budget as referred to in paragraph (2) shall be governed by Regulation of the Minister of Finance.

Article 20...
Article 20

(1) The Government may provide grants to foreign government/institution and appoint the foreign government/institution as the recipient for humanity and other purposes.

(2) The Government may provide grants to Local Government for post-disaster rehabilitation and reconstruction.

Article 21

(1) Education Budget is planned at Rp416,090,233,749,000.00 (four hundred sixteen trillion ninety billion two hundred thirty three million seven hundred forty nine thousand rupiah).

(2) The percentage of the Education Budget shall be 20.0% (twenty point zero percent), which is the ratio of Education Budget allotment as referred to in paragraph (1) to the total State Expenditure Budget, amounting to Rp2,080,451,168,747,000.00 (two quadrillion eighty trillion four hundred fifty one billion one hundred sixty eight million seven hundred forty seven thousand rupiah).

(3) Further provision regarding detail of the Education Budget as referred to in paragraph (1), shall be governed by Presidential Regulation.

Article 22

(1) Total amount of the State Budget Revenue for Fiscal Year 2017, as referred to in Article 3, is lower than the State Budget Expenditure as referred to in Article 7 and, therefore, in Fiscal Year 2017 there is budget deficit amounting to Rp330,167,788,571,000.00 (three hundred thirty trillion one hundred sixty seven billion seven hundred eighty eight million five hundred seventy one thousand rupiah) which will be financed from the Budget Finance.

(2) Provision...
(2) Provision regarding the allocation of Budget Finance as referred to in paragraph (1) shall be as set out in Appendix I which forms an integral part of this Law.

(3) Further provision regarding the detail of allocation of Budget Finance as set out in Appendix I hereto shall be governed by Presidential Regulation.

Article 23

(1) If the budget deficit is expected to be below the limit as specified in the State Budget, the Government may utilize the SAL fund, Cash Loan drawdown, and/or SBN issuance as additional finance.

(2) Any obligation arising from the utilization of SAL fund, Cash Loan drawdown, and/or SBN issuance as additional finance as referred to in paragraph (1) shall be charged to the state budget.

(3) Utilization of SAL fund, Cash Loan, and/or SBN issuance as additional finance as referred to in paragraph (1) shall be reported by the Government in the 2017 Central Government Financial Statements (LKPP).

(4) Further provision regarding the deficit expected to be below the specified limit and the utilization of SAL fund, Cash Loan, and/or SBN issuance as additional finance as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 24

(1) The Government may use the state ministry/institution program sourced from Pure Rupiah in the budget allocation of the Central Government Expenditure to be used as the basis for issuance of SBSN.

(2) Detail...
(2) Detail of the state ministry/institution program which can be used as the basis for issuance of SBSN shall be determined by the Minister of Finance upon ratification of the Law regarding State Budget for Fiscal Year 2017 and the stipulation of Presidential Regulation regarding the State Budget Details for Fiscal Year 2017.

(3) Further provision regarding the use of the state ministry/institution program as the basis for issuance of SBSN as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 25

(1) The government may use the remaining amount of proceeds from the issuance of SBSN used to finance the activities/projects of the state ministries/institutions unabsorbed during the Fiscal Year 2016 to finance further performance of such activities/projects in the Fiscal Year 2017.

(2) Utilization of the remaining amount of proceeds from the issuance of SBSN used to finance the activities/projects of the state ministries/institutions as referred to in paragraph (1) shall be reported by the Government in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Statements (LKPP).

(3) Further provision regarding the utilization of the remaining amount of proceeds from the issuance of SBSN used to finance the activities/projects of the state ministries/institutions as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 26

(1) In the event of domestic SBN market crisis, the Government with the approval of the House of Representatives shall be authorized to utilize SAL to carry out stabilization of domestic SBN market upon calculation of budget requirements up to the end of the current fiscal year and the beginning of the next fiscal year.

(2) Approval...
Approval of the House of Representatives as referred to in paragraph (1) shall be the decree as set out in the minutes of Work Meeting of the House of Representatives’ Budget Committee with the Government, which shall be issued within no more than 1x24 (one time twenty-four) hours upon submission by the Government of the proposal to the House of Representatives.

The amount of SAL utilized to stabilize the domestic SBN market as referred to in paragraph (1) shall be reported by the Government in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Statements (LKPP).

Further provision regarding SAL utilization to stabilize the domestic SBN market as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 27

In the event that the realization of the state revenue is insufficient to cover the state expenditure requirement in certain condition, the deficit may be covered by SAL fund, issuance of SBN or State Expenditure adjustment.

The Government may issue the SBN to finance the required cash management requirement for the implementation of State Budget in the event that cash fund of cash management is insufficient to cover the required state expenditure at the beginning of the year.

Government may repurchase the SBN for the purpose of market stability and cash management while keeping on considering the required amount of net SBN issued in order to cover the predetermined finance needs.

(4) The Government...
(4) The Government may accelerate the payment of the loan principal installment in order to manage the loan portfolio through the issuance of SBN.

(5) In the event of a more profitable debt finance instrument and/or unavailability of one of the debt finance instruments, the Government may change the composition of debt finance instrument in order to maintain the economic and fiscal security.

(6) In the event that budget reallocation of debt interest is required as a result of the change of debt finance instrument composition as referred to in paragraph (5), the Government may reallocate the payment of foreign debt interest to the payment of domestic debt interest or vice versa.

(7) In order to reduce the cost of SBN issuance and to ensure the availability of finance through debt, the Government may accept the debt underwriting guarantee from the institution which can perform the underwriting function, and/or accept the facility in the form of finance support.

(8) The implementation of provisions as referred to in paragraphs (1) up to (7) shall be stipulated and reported by the Government in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Statements (LKPP).

Article 28

(1) In order to guarantee the availability of budget at the beginning of Fiscal Year 2017, the Government may issue SBN in the fourth quarter of 2016.

(2) Issuance of SBN as referred to in paragraph (1) shall be reported by the Government in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Statements (LKPP).

Article 29...
Article 29

(1) In order to accelerate the implementation of activities financed by Foreign Loan, the drawdown of Domestic-Source Counterpart Budget for payment of advances on contract of activities financed by Foreign Loan in DIPA of Fiscal Year 2017 may continue until March 31, 2018.

(2) The proposed continuation of drawdown of domestic-source counterpart budget as referred to in paragraph (1) shall be submitted to the Minister of Finance in the form of revised budget no later than January 31, 2018.

(3) Further provision regarding the performance of the revised budget as referred to in paragraph (2) shall be governed by Regulation of the Minister of Finance.

Article 30

(1) Investment in an international financial organization/institution/international business entity to be made and/or has been recorded in the Central Government Financial Report (LKPP) as permanent investment, shall be determined as investment in such international financial organization/institution/international business entity.

(2) The Government may make payment of investment in any international financial organization/institution/international business entity exceeding the budget ceiling determined for Fiscal Year 2017 due to exchange rate difference which, then, such payment shall be reported in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Report (LKPP).

(3) The implementation of investment in such international financial organization/institution/international business entity as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 31...
张文

PRESIDENT OF THE REPUBLIC OF INDONESIA

Article 31

(1) State Owned Assets (BMN) as stated in the Activity Checklist (DIK)/Project Checklist (DIP)/Budget Implementation Checklist (DIPA) of state ministry/institution which is used and/or operated by BUMN/Limited Liability Company in which the state holds shares and has been recorded in the balance sheet of BUMN/Limited Liability Company in which the state holds shares as BPYBDS or other similar account shall be considered as PMN in the said BUMN/Limited Liability Company in which the state holds shares.

(2) Any BMN acquired using capital expenditure through DIPA of a state ministry/institution and which will be used by a BUMN/Limited Liability Company in which the state holds shares upon the acquisition of such BMN, shall be considered as PMN in such BUMN/Limited Liability Company in which the state holds shares that uses such BMN.

(3) Implementation of PMN in BUMN/Limited Liability Company in which the state holds shares as referred to in paragraphs (1) and (2) shall be governed by Government Regulation.

Article 32

(1) The Minister of Finance shall be authorized to manage the budget of Guarantor Liabilities in:

   a. Acceleration of National Infrastructure Development, consisting of:

      1. accelerating the development of coal fired power plant;
      2. accelerating the distribution of drinking water;

      3. providing...
3. providing infrastructure security in the partnership project between the Government and business entity which is carried out through the infrastructure guarantee entity;

4. providing infrastructure financing through direct loan from international financing institution to State Owned Enterprise;

5. accelerating the construction of toll road in Sumatera.

b. provision of regional infrastructure financing to BUMN.

(2) In the event that the budget of Guarantor Liabilities as referred to in paragraph (1) has been disbursed, it shall be calculated as receivables/invoice to the guaranteed entity or expenditure of the state ministry/institution.

(3) In the event that the remaining budget of Guarantor Liabilities as referred to in paragraph (1) is not fully absorbed in the current year, such remaining budget of Guarantor Liabilities may be accumulated by transfer mechanism into the accounts of Guarantor Liabilities Reserve Fund and Regional Infrastructure Financing Guarantee Fund with Bank Indonesia.

(4) Fund transferred to the Guarantor Liabilities Reserve Fund account as referred to in paragraph (3) may be used for payment of Guarantor Liabilities between guaranteed programs as referred to in paragraph (1) letter a in the next fiscal year.

(5) Fund transferred to the Regional Infrastructure Financing Guarantee Fund account as referred to in paragraph (3) may be used for payment of guarantees as referred to in paragraph (1) letter b.

(6) Further...
Further provision regarding the budget implementation of the Guarantor Liabilities and the use of Guarantor Liabilities Reserve Fund or Regional Infrastructure Financing Guarantee Fund account as referred to in paragraphs (4) and (5) shall be regulated by Regulation of the Minister of Finance.

Article 33

(1) The Government may make payments for loan interest and loan principal installment exceeding the ceiling determined in Fiscal Year 2017 which shall, then, be reported by the Government in the Revised State Budget for Fiscal Year 2017 and/or the 2017 Central Government Financial Report (LKPP).

(2) The Government may perform Hedging transaction to control the risks of fluctuation in the payment of loan liabilities, and/or to protect the value of loan, from risks which may arise or are reasonably expected to arise from volatility of financial market factors.

(3) Fulfillment of the obligation arising from the Hedging transaction, as referred to in paragraph (2) shall be charged to the expenditure budget of loan interest and/or loan principal installment.

(4) The obligation as referred to in paragraph (3) shall not be prejudicial to the state finance.

(5) Further provision regarding the implementation of Hedging transaction as referred to in paragraph (2) shall be governed by Regulation of the Minister of Finance.
(1) The Minister of Finance shall be authorized to settle the receivables of the Government institution which is managed/administered by the State Debt Management Committee/Directorate General of State Treasury, in particular receivables from micro, small, and medium Enterprises (UMKM), and receivables in the form of Mortgage of Simple/Very Simple House (KPR RS/RSS), including but not limited to the restructuring and provision of loan principal reduction up to 100% (one hundred percent).

(2) Further provision regarding the settlement of the Government institution’s receivables as referred to in paragraph (1) shall be governed by Regulation of the Minister of Finance.

Article 35

(1) In mid Fiscal Year 2017, the Government shall prepare the report of State Budget implementation in the First Semester of Fiscal Year 2017, with regard to:
   a. the State Revenue realization;
   b. the State Expenditure realization; and
   c. the Budget Finance realization.

(2) In the said report as referred to in paragraph (1), the Government shall include the prognosis for the next 6 (six) months.

(3) The report as referred to in paragraphs (1) and (2) shall be submitted to the House of Representatives no later than July 2017 for joint discussion by the House of Representatives and the Government.

Article 36

(1) Adjustment to the State Budget for Fiscal Year 2017, as well as the progress and/or changes of condition shall be jointly discussed by the House of Representatives and the Government in order to prepare estimated revision to the State Budget for Fiscal Year 2017, in the event of:

   a. Any...
a. any development of macroeconomic indicators which is not in line with the assumptions used in the State Budget for Fiscal Year 2017;
b. changes in the principles of fiscal policy;
c. any condition which requires the budget shift between units in the organization, and/or between programs; and/or
d. any condition requiring the utilization of SAL from the previous year in the current fiscal year.

(2) SAL as referred to in paragraph (1) letter d shall be the SAL in the account maintained with Bank Indonesia which shall be used as determined by the Minister of Finance in compliance with the applicable provisions and set out in the accountability report of the State Budget implementation.

(3) The Government shall propose the Draft Legislation regarding the Amendment to Law regarding the State Budget for Fiscal Year 2017 to reflect the changes as referred to in paragraph (1), for approval by the House of Representatives prior to the end of Fiscal Year 2017.

Article 37

(1) In an emergency condition, in the event that any of the following matters occurs:

a. the projection of economic growth is below the assumption and deviates from other basic macroeconomic assumptions, leading to significant decline in state revenues and/or significant increase in state expenditure; and/or

b. significant increase of loan cost, particularly the return on SBN.

the Government, upon the approval of the House of Representatives, may perform the following measures:

1. to make...
1. to make expenditure which is not allocated and/or which exceeds the stipulated ceiling in the State Budget for Fiscal Year 2017;

2. to shift the budgeted expenditures from one program to another within the same and/or different budget parts with reference to the target of the national priority programs which should remain to be achieved;

3. to reduce the State Expenditure ceiling in order to improve efficiency while keeping on maintaining the successful achievement of the target of priority programs;

4. to utilize SAL to cover any deficit in the State Budget finance, after making prior consideration of the availability of SAL required for such purpose up to the end of the current fiscal year and the beginning of the next fiscal year; and/or

5. to use proceeds from drawdown of additional loans and/or issuance of SBN.

(2) Approval of the House of Representatives as referred to in paragraph (1) shall be the decree as set out in the minutes of Work Meeting of the House of Representatives’ Budget Committee with the Government, which shall be issued within no more than 1x24 (one times twenty-four) hours upon submission by the Government of the proposal to the House of Representatives.

(3) In case of no approval as referred to in paragraph (1) issued by the House of Representatives for any reason whatsoever, the Government may take any of the measures as referred to in paragraph (1).

(4) Government shall give particulars of the implementation of any of the measures as referred to in paragraph (1) in the Amended State Budget for Fiscal Year 2017 and/or in the 2017 Central Government Financial Statements (LKPP).
(1) If the Indonesia Deposit Insurance Corporation undergoes liquidity problem, the Government may extend loan to the Indonesia Deposit Insurance Corporation.

(2) Sources of fund for the loan as referred to in paragraph (1) shall be as follows:
   a. SAL that will be used to cover any deficit in the State Budget finance, after making prior consideration of the availability of SAL required for such purpose up to the end of the current fiscal year and the beginning of the next fiscal year; and/or
   b. proceeds from drawdown of additional loans and/or issuance of SBN.

(3) The extension of loan to the Indonesia Deposit Insurance Corporation as referred to in paragraph (1) and use of sources of fund for loan extension as referred to in paragraph (2) shall be subject to approval of the House of Representatives.

(4) Approval of the House of Representatives as referred to in paragraph (3) shall be the decree as set out in the minutes of Work Meeting of the House of Representatives’ Budget Committee with the Government, which shall be issued within no more than 1x24 (one times twenty-four) hours upon submission by the Government of the proposal to the House of Representatives.

(5) In case of no approval as referred to in paragraph (3) issued by the House of Representatives for any reason whatsoever, the Government may extend loan to the Indonesia Deposit Insurance Corporation as referred to in paragraph (1) and use any source of fund for loan extension as referred to in paragraph (2).

(6) In case...
In case of loan extension as referred to in paragraph (1), the Government shall report the same in the Amended State Budget and/or the Central Government Financial Statements (LKPP) for the current fiscal year.

Source of fund for loan extension as referred to in paragraph (2) shall be reported in the Amended State Budget and/or the Central Government Financial Statements (LKPP) for the current fiscal year.

**Article 39**

(1) At the end of Fiscal Year 2017, the Government shall prepare the accountability report of the implementation of the State Budget for Fiscal Year 2017 in the form of Central Government Financial Statements (LKPP).

(2) The Central Government Financial Report (LKPP) as referred to in paragraph (1) shall be prepared in compliance with the Government Accounting Standard (SAP).

(3) The Government shall propose the Draft Legislation regarding the Accountability for the Implementation of the State Budget for Fiscal Year 2017, upon audit of the Central Government Financial Report (LKPP) as referred to in paragraph (1) by the State Audit Board, no later than 6 (six) months as of the end of Fiscal Year 2017 for approval of the House of Representatives.

**Article 40**

The Posture of the State Budget for Fiscal Year 2017, containing the detailed amounts of State Revenue, State Expenditure, Budget Surplus/Deficit, and Budget Finance shall be as set out in Appendix II which forms an integral part of this Law.

**Article 41...**
A Presidential Regulation regarding Detail of the State Budget for Fiscal Year 2017 shall be enacted as subordinate legislation of this Law no later than November 30, 2016.

Article 42

In implementing the State Budget for Fiscal Year 2017, the Government shall try to achieve the target of quality economic growth, which is reflected through the followings:

a. decline in poverty rate to 10.5% (ten point five percent);

b. decrease in unemployment rate to 5.6% (five point six percent);

c. decrease in Gini Ratio to 0.39 (zero point three nine); and

d. increase in Human Development Index (IPM) to 70.1 (seventy point one).

Article 43

Provision regarding the issuance of SBN as referred to in Article 28 shall come into effect as of the date of the enactment of this Law.

Article 44

This Law shall come into effect as of January 1, 2017.
For public cognizance, this Law shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

on November 17, 2017

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed.

JOKO WIDODO

Promulgated in Jakarta

on November 18, 2016

MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

Signed.

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 240 OF 2016

Certified true copy

MINISTRY OF STATE SECRETARY OF THE REPUBLIC OF INDONESIA
Assistant Deputy of Economic Affairs
Deputy of Law and Legislation

[Signed and sealed]

Lydia Silvanna Djaman
I. GENERAL

The State Budget for Fiscal Year 2017 is prepared based on the 2017 Government Work Plan (RKP), as well the Macroeconomic Framework and the Principles of Fiscal Policy of 2017, as having been jointly discussed and agreed, both in the Initial Session and the Level I Session of the Draft of the State Budget for Fiscal Year 2017 between the Government and the House of Representatives of the Republic of Indonesia. In addition, the State Budget for Fiscal Year 2017 considers the economic and social conditions, and the international and domestic development in the last several months, as well various anticipatory measures which have been taken in 2016, and policy measures to be pursued in 2017.

The economic growth of Indonesia in 2017 is expected to be approximately 5.1% (five point one percent). The determination of the said target takes into account the latest development of the external and internal factors. From the external point of view, the global economy is still surrounded by the unpredicted direction of developed countries’ monetary policy and uncertain price development of the international commodities, as well as the slowing trend of the Chinese economy. From the internal aspect, the economic growth is expected to be boosted by the Government’s infrastructure expenditure in order to strengthen productive sectors that will drive the economic growth. Various policy packages issued are expected to encourage the growth of private sector investment which will, in turn, accelerate the economic growth, while maintaining the macroeconomic stability.
The efforts to maintain macroeconomic stability shall be made through coordinated fiscal, monetary, and real sector policies. The maintained stability of macro economy shall be reflected on 1) average exchange rate of rupiah which shall be stable at approximately Rp13,300 (thirteen thousand three hundred rupiah) per one United States dollar; ii) inflation rate which is expected to be controlled at 4.0% (four point zero percent); and iii) the average interest rate of the 3 (three)-month Treasury Bill (SPN) which shall reach 5.3% (five point three percent). However, the macroeconomic stability is expected to face various challenges from potential risks of unpredictable global financial market liquidity as the result of unclear policy of interest rate increase of the United States of America, the continuing moderation of China’s economic growth, and the weakening price of commodity. Another risk is the economic uncertainty in European countries upon British referendum (Brexit).

In line with the declining trend of the global commodity price, the Indonesia Crude Price (ICP) in the international market in 2017 shall remain in average at approximately USD45 (forty five United States dollar) per barrel. Meanwhile, the lifting rate of crude oil is estimated to reach approximately 815,000 (eight hundred fifteen thousand) barrels per day, while the lifting rate of gas is estimated to reach approximately 1,150,000 (one million one hundred fifty thousand) barrels of oil equivalent per day.

Indonesia’s development strategy is based on the National Long Term Development Plan (RPJPN) 2005-2025. The implementation of RPJPN strategy is divided into four stages of the National Medium Term Development Plan (RPJMN) in which each stage contains a five-year development plan and strategy to be implemented by the Government.

Year 2017 is the third year in RPJMN agenda stage 3. Based on the implementation, achievement, and as the continuation of the 1st stage of RPJMN (2005-2009) and the 2nd stage of RPJMN (2010-2014), the 3rd stage of RPJMN (2015-2019) aims at consolidating the overall development by focusing on building competitive excellence in economy based on natural resources, quality human resources, competencies in science, technology, and innovation. The efforts undertaken to achieve these objectives shall be implemented through the achievement of development goals in each year with a different focus, in line with the encountered challenges and conditions. The focus of these activities shall be manifested in the Government Work Plan (RKP) in each year.
The Nine Agendas (Nawa Cita) represent the summary of the programs contained in the vision and mission of the President/Vice President which is elaborated in the development strategy as stipulated in the RPJMN 2015-2019, which consists of four main parts, namely i) Development Norms; ii) Three Development Dimensions; iii) Prerequisite Conditions for successful development; and iv) Quick Wins Programs. The three development dimensions and the prerequisite conditions of the development strategy shall include sectors prioritized in the implementation of RPJMN 2015-2019, which will be defined in the Government Work Plan (RKP) of 2017 below.

First, the Human Development Dimension constitutes the definition of the national development agenda contained in the Nawa Cita, which shall include among others, improving the life quality of the people of Indonesia, revolutionizing the nation’s character, strengthening the unity in diversity, and strengthening the social restoration of Indonesia. The priorities are the education sector through the implementation of the Smart Indonesia Program, health sector through the implementation of Healthy Indonesia Program, public housing, revolutionizing the nation’s character, strengthening the unity in diversity, and strengthening the social restoration of Indonesia, and implementing mental revolution.

Second, the development programs in the Leading Sector Development Dimension constitute the definition of Nawa Cita which brings back the state’s figure that protects the entire nation and provides safety to all citizens, improves the people’s productivity and competitiveness in the international market, and realizes economic independence by activating strategic sectors of domestic economy. The priority of leading sector development shall include food sovereignty, energy and electricity sovereignty, marine, tourism, industry, as well as science and technology.

Third, the whole nation has received the benefits from the growth of national income, as reflected from the increased consumption per capita of the people. Therefore, through the Equity and Territorial Development Dimension, the efforts to improve the quality of life are made by prioritizing equal distribution of income among groups, and reduction of development gap among regions. The programs in this dimension are the definition of Nawa Cita to develop Indonesia from the outskirts by strengthening the regions and villages within the framework of a unitary state, improving the life quality of the people of Indonesia, and improving the people’s productivity and competitiveness in the international market.

In order to...
In order to support the implementation of the three development dimensions, Prerequisite Conditions are necessary. The development programs to create the Prerequisite Conditions represent the definition of Nawa Cita which brings back the state’s figure that protects the entire nation and provides safety to all citizens, develops a clean, effective-democratic, and trustworthy governance, and strengthens the presence of the state in reforming the system and law enforcement which is corruption-free, dignified, and trustworthy. The Prerequisite Conditions shall include the programs aimed at improving legal security and law enforcement, security and order, politics and democracy, as well as bureaucracy governance and reform.

In order to achieve the national development goal priorities and other national priorities, one of the efforts that the Government shall undertake is optimizing the Tax and PNBP Revenues. Tax Revenues may be increased through tax extension and intensification. Furthermore, development goal priorities shall be achieved by making financing source measures efficient, such as by prioritizing domestic finance, utilizing loans for productive activities, and utilizing selective foreign loan primarily for the construction of infrastructure and energy.

In order to support the fulfillment of domestic energy demand due to depleting oil and gas, it is necessary to increase the number of geothermal sources through: i) intensification and expansion of exploration; ii) improvement of geothermal legislation which shall provide benefits and justice to regions, and to maintain the investment climate in geothermal energy; and iii) issuance of Government-borne Income Tax (PPh DTP) policy for geothermal companies whose permits are issued prior to the enactment of Law Number 27 of 2003 regarding Geothermal.

The Draft Law regarding the State Budget for Fiscal Year 2017 was discussed by the House of Representatives and the Government with reference to the considerations of the House of Representatives as contemplated in Decree of the Regional Representative Council Number 03/DPD RI/1/2016-2017 dated September 20, 2016.
This Law was discussed by the Government and the House of Representatives with reference to the Constitutional Court Decision Number 35/PUU-XI/2013 dated May 22, 2014.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Self-explanatory.

Article 4

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

Self-explanatory.

Letter b

The term “third party whose income tax is borne by the Government” shall mean the third party rendering service(s) to the Government for issuance and/or buy-back/exchange of SBN (Government Securities) in the international market, such as marketing agent service and international legal consultant service and exchange/buyer agent service.

Letter c

Self-explanatory.

Paragraph (4)...
Paragraph (4)
Self-explanatory.

Paragraph (5)
Self-explanatory.

Paragraph (6)
Self-explanatory.

Paragraph (7)
Self-explanatory.

Paragraph (8)
Self-explanatory.

Paragraph (9)
Self-explanatory.

Paragraph (10)
Self-explanatory.

Paragraph (11)
Self-explanatory.

Article 5

Paragraph (1)
Self-explanatory.

Paragraph (2)
Letter a
Self-explanatory.

Letter b
Non-Oil & Gas SDA (Natural Resources) Revenue from the forestry sector shall not be designated only as the target of the state revenue, but also a means to maintain forest sustainability.

Paragraph (3)...
Paragraph (3)

Self-explanatory.

Paragraph (4)

Pending the amendment to Law Number 49 Prp. of 1960 regarding the State Debt Management Committee, and in order to accelerate the settlement of non-performing loans of BUMN (State Owned Enterprises) engaged in banking industry, the account receivables may be processed through the management mechanism as specified under the regulations regarding limited liability company and banking industry.

The granting of authority to the General Meeting of Shareholders for and the supervision by the Government of the settlement of non-performing loans of BUMN engaged in banking industry shall be subject to the provisions of laws regarding BUMN.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 6

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Self-explanatory.

Article 9...
Article 9

Paragraph (1)
Self-explanatory.

Paragraph (2)
Self-explanatory.

Paragraph (3)
Self-explanatory.

Paragraph (4)
Data of the number of villages, village’s population, poverty rate, area, and geographical accessibility shall be obtained from the relevant ministry and/or institution in charge of the government’s statistical affairs.

For any village whose data of its population, poverty rate, and area are unavailable, the data of main village may be used proportionally, while, with regard to data of village’s geographical accessibility, the same data as the main village, the average index of geographical accessibility in the same district, or the data obtained from the Regional Government shall be used.

Article 10
Self-explanatory.

Article 11

Paragraph (1)
Self-explanatory.

Paragraph (2)
Self-explanatory.

Paragraph (3)
Paragraph (3)

Letter a
Central Government’s portion of PBB revenue at 10% (ten percent) shall be equally distributed to all regencies/cities.
Regional government’s portion sourced from the collection cost shall be utilized to finance activities in accordance with the regional needs and priority.

Letter b
This DBH shall include DBH from Income Tax of Article 25 and Article 29 of WPOPDN eligible for final income tax under the Government Regulation Number 46 of 2013 regarding Income Tax on Business Revenue of Taxpayers with Certain Gross Income.
In order to control the implementation of the State Budget, DBH may not be fully distributed up to the allocated ceiling and, then, it shall be treated as underpaid DBH.

Letter c
Self-explanatory.

Paragraph (4)
Self-explanatory.

Paragraph (5)
This policy is the consequence from policy amendment in the form of delegation of authorities in forestry sector from regency/city government to province government as stipulated in Law Number 23 of 2014 regarding Regional Government as amended for several times and the latest by Law Number 9 of 2015 regarding the Second Amendment to Law Number 23 of 2014 regarding Regional Government.

Paragraph (6)
Letter a
Self-explanatory.

Letter b...
Letter b

Under this provision, regional governments shall no longer be required to allocate Oil and Gas DBH at 0.5% (zero point five percent) for basic education supplementary budget. Policy regarding the utilization of Oil and Gas DBH for West Papua Province and Aceh Province shall be implemented pursuant to Law Number 35 of 2008 regarding the Stipulation of the Government Regulation in Lieu of Law Number 1 of 2008 regarding the Amendment to Law Number 21 of 2001 regarding the Special Autonomy for Papua Province to become Law and Law Number 11 of 2006 regarding the Aceh Government.

Letter c

This policy is the consequence from policy amendment in the form of delegation of authorities in forestry sector from regency/city government to province government as stipulated in Law Number 23 of 2014 regarding Regional Government as amended for several times and the latest by Law Number 9 of 2015 regarding the Second Amendment to Law Number 23 of 2014 regarding Regional Government.

Paragraph (7)
Letter a

Self-explanatory.

Letter b

The remaining amount is allocated to 169 (one hundred sixty nine) regions whose distribution of part of DAU of Fiscal Year 2016 is delayed.

Paragraph (8)

Self-explanatory.

Paragraph (9)...
Paragraph (9)

Net PDN amounting to Rp1,326,914,293,805,000.00 (one quadrillion three hundred twenty six trillion nine hundred fourteen billion two hundred ninety three million eight hundred five thousand rupiah) shall be calculated based on the sum of Tax Revenue amounting to Rp1,498,871,646,935,000.00 (one quadrillion four hundred ninety eight trillion eight hundred seventy one billion six hundred forty six million nine hundred thirty five thousand rupiah) and PNBP (Non-Tax State Revenue) amounting to Rp250,039,071,639,000.00 (two hundred fifty trillion thirty nine billion seventy one million six hundred thirty nine thousand rupiah), less the State Revenue shared with Region, which consists of:

a. Income Tax of Article 25 and Article 29 of Domestic Individual Taxpayer and Income Tax of Article 21 amounting to Rp168,993,899,999,000.00 (one hundred sixty eight trillion nine hundred ninety three billion eight hundred ninety nine million nine hundred ninety nine thousand rupiah);

b. Property Tax (PBB) Revenue amounting to Rp17,295,591,674,000.00 (seventeen trillion two hundred ninety five billion five hundred ninety one million six hundred seventy four thousand rupiah);

c. Tobacco Product Excise Revenue amounting to Rp149,878,000,000,000.00 (one hundred forty nine trillion eight hundred seventy eight billion rupiah);

d. Oil and Gas Natural Resources (SDA) Revenue amounting to Rp63,707,421,000,000.00 (sixty three trillion seven hundred four billion one hundred million rupiah);

e. Mineral and Coal SDA Revenue amounting to Rp17,736,107,887,000.00 (seventeen trillion seven hundred thirty six billion one hundred seven million eight hundred eighty seven thousand rupiah);

f. Forestry SDA Revenue amounting to Rp2,775,829,608,000.00 (two trillion seven hundred seventy five billion eight hundred twenty nine million six hundred eight thousand rupiah);

g. Fishery...
Paragraph (10)
Self-explanatory.

Paragraph (11)
Self-explanatory.

Paragraph (12)
Self-explanatory.

Paragraph (13)
Self-explanatory.

Paragraph (14)
Self-explanatory.

Paragraph (15)
Self-explanatory.

Article 12

Paragraph (1)
Self-explanatory.

Paragraph (2)
Allocation of Physical DAK is intended to assist certain regions, to finance basic service facilities and infrastructures required by the people, as well as to accelerate regional development and to achieve national priority targets.

Paragraph (3)
Letter a
Regular DAK is intended to finance activities for fulfillment of public services.
The amount of the allocated Regular DAK for each region shall be calculated with reference to proposal and technical data of the relevant region, by taking into account the national priority, regional needs, and state’s finance capacity.

Letter b
Assignment DAK is intended to finance specific activities with limited features and in specified locations for the achievement of national priority targets.

The amount of the allocated Assignment DAK for each region shall be calculated with reference to proposal and technical data of the relevant region, by taking into account the national priority and state’s finance capacity.

Letter c
Affirmation DAK is intended to finance activities that accelerate the procurement of infrastructures and facilities in regions categorized as regions bordering on other country, disadvantaged regions, islands, and/or transmigration destinations.
Regions categorized as regions bordering on other country, disadvantaged regions, islands, and/or transmigration destinations shall be as specified in the relevant statutory regulations.
The amount of the allocated Affirmation DAK for each region shall be calculated with reference to proposal and technical data of the relevant region, by taking into account the regional characteristics and state’s finance capacity.

Paragraph (4)
Determination of Regular DAK ceiling per sector shall be based on regional needs and achievement of national priority.

Paragraph (5)
Self-explanatory.

Paragraph (6)
Self-explanatory.
Paragraph (7)
Self-explanatory.

Paragraph (8)
Self-explanatory.

Article 13
Paragraph (1)
Self-explanatory.

Paragraph (2)
The main criteria to determine whether a region is qualified to receive DID shall consist of:
a. Opinion of the State Audit Board (BPK) on the Regional Government Financial Statements (LKPD), either Unqualified Opinion (WTP) or Qualified Opinion (WDP); and
b. Timely establishment of the Regional Budget.
The performance criteria to be used to evaluate the performance of the regional government shall consist of:
a. Performance of fiscal health and management of regional finance;
b. Performance of public basic service(s); and
c. Performance of economy and welfare.

Paragraph (3)
Self-explanatory.

Paragraph (4)
Under this provision, regional governments shall no longer be required to allocate DID for education budget.

Article 14
Paragraph (1)
Self-explanatory.

Paragraph (2)...
Paragraph (2)
Letter a
Self-explanatory.
Letter b
Self-explanatory.
Letter c
The Additional Infrastructure Fund is allocated with a proportion of 75% (seventy five percent) for Papua Province and 25% (twenty five percent) for West Papua Province, with reference to certain indicators such as population, area and number of villages/kampongs and sub-districts.

Paragraph (3)
Self-explanatory.

Article 15
Self-explanatory.

Article 16
Self-explanatory.

Article 17
Self-explanatory.

Article 18
Paragraph (1)
Letter a
Self-explanatory.

Letter b...
Letter b
Self-explanatory.

Letter c
Self-explanatory.

Letter d
Self-explanatory.

Letter e
Self-explanatory.

Letter f
The term “ineligible expenditure” shall mean expenditures which are not allowed to be financed by foreign loan/grant because such expenditures are not in accordance with the terms of the Foreign Loan and/or Grant Agreement.

Letter g
Self-explanatory.

Letter h
Self-explanatory.

Paragraph (2)
The term “changes of the ceiling for Subsidiary Loan” shall mean the increase of the ceiling for Subsidiary Loan due to the extension of multi-year subsidiary loan, accelerated drawdown of Subsidiary Loan which has been approved to optimize the utilization of Subsidiary Loan, and/or the increase of the ceiling for Subsidiary Loan for the purpose of issuing Endorsement Letter (SP3) for transaction of notice of disbursement (NOD) of Loan and/or Grant issued by the Lender and/or Grantor. Such changes of ceiling for Subsidiary Loan shall not include new Subsidiary Loan which has not been allocated in the State Budget for Fiscal Year 2017.

The term...
The term “closing date” shall mean the final date of the drawdown of foreign loan/grant through issuance of Disbursement Order (SP2D) by the State Treasury Service Office.

Paragraph (3)

Such changes of ceiling shall be used for issuance of SP3 for transaction of Notice of Disbursement (NOD) of Loan and/or Grant issued by the Lender and/or Grantor.

Paragraph (4)

The term “reported by the Government to the House of Representatives in the Revised State Budget for Fiscal Year 20167” shall mean that the changes in detail/shifts of Central Government Expenditure budget which are made prior to the Revised State Budget for Fiscal Year 2017 shall be reported to the House of Representatives.

The term “reported by the Government to the House of Representatives in the 2017 Central Government Financial Statements (LKPP)” shall mean that the changes in detail/shifts of Central Government Expenditure budget which are made throughout 2017 following the Revised State Budget for Fiscal Year 2017 shall be reported to the House of Representatives.

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21...
Article 21

Paragraph (1)
In addition to the Educational Budget allocation, the Government manages the National Education Development Fund (DPPN), which constitutes part of educational budget allocation of the previous years that has been accumulated as the endowment fund which is managed by the Educational Fund Management Institute. Proceeds from the said endowment fund shall be utilized to ensure the continuity of education program for the next generation as the form of inter-generations accountability, such as in the form of scholarship, research, and education fund reserve to anticipate any need for rehabilitation of damaged educational facilities due to natural disaster.

Paragraph (2)
Self-explanatory.

Paragraph (3)
Self-explanatory.

Article 22
Self-explanatory.

Article 23

Paragraph (1)
The term “deficit” shall mean deficit as stipulated in Law Number 17 of 2003 regarding State Finance.

Paragraph (2)
Self-explanatory.

Paragraph (3)
Self-explanatory.

Paragraph (4)...
Paragraph (4)
  Self-explanatory.

Article 24
  Self-explanatory.

Article 25
  Self-explanatory.

Article 26
  Paragraph (1)
  The term “domestic SBN market crisis” shall mean the condition of SBN market crisis based on the indicators of Crisis Management Protocol (CMP) of SBN market as issued by the Minister of Finance.
  The use of SAL fund to stabilize the SBN market may be carried out if the SBN market condition has been declared at crisis level by the Minister of Finance.
  The said crisis in SBN market may stimulate crisis in financial market as a whole, considering that most financial institutions have SBN. This situation may also trigger fiscal crisis, if the Government is required to undertake efforts to save the national financial institutions.
  The SBN market shall be stabilized by purchasing SBN in secondary market by the Minister of Finance.

Paragraph (2)
  Self-explanatory.

Paragraph (3)
  Self-explanatory.

Paragraph (4)...
Paragraph (4)
Self-explanatory.

Article 27
Paragraph (1)
Self-explanatory.
Paragraph (2)
Self-explanatory.
Paragraph (3)
Self-explanatory.
Paragraph (4)
Self-explanatory.
Paragraph (5)
Changes in the composition of debt finance instrument shall include the change of net SBN, drawdown of Domestic Loan, and/or drawdown of Foreign Loan. Drawdown of Foreign Loan shall include the drawdown of Cash Loan and Project Loan. In case of no Foreign Loan and/or Domestic Loan available, it may be replaced by issuing SBN or otherwise in order to maintain the economic and fiscal stability.

Paragraph (6)
Self-explanatory.
Paragraph (7)
Self-explanatory.
Paragraph (8)
Self-explanatory.

Article 28...
Article 28
Self-explanatory.

Article 29
Self-explanatory.

Article 30
Self-explanatory

Article 31
Paragraph (1)
The term “State Owned Property” shall mean land and/or building and property other than land and/or building. Determination of BPYBDS as PMN in BUMN shall include among others BPYBDS as recorded in the financial statements of PT PLN (Persero) that have been submitted by the Ministry of Energy and Mineral Resources (ESDM) to become additional PMN in PT PLN (Persero).

Paragraph (2)
Self-explanatory.

Paragraph (3)
Self-explanatory.

Article 32
Paragraph (1)
Provision on Government guarantee for each program is governed in the statutory regulations.

Paragraph (2)
The term “guaranteed entity” shall mean any party receiving the Government guarantee.

Paragraph (3)...
Paragraph (3)

The establishment of account of Government Guarantee reserve fund is mainly to avoid the allocation of Government guarantee budget in large amount in one fiscal year in the future, to guarantee the availability of fund in the required amount, to secure the payment of claims in timely manner, and to provide assurance to the stakeholders (including Creditors/Investors).

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 33

Paragraph (1)

Expenditure exceeding the budget ceiling may result from, among others:

1. The macroeconomic condition which is not in line with the condition as expected in the preparation of the Revised State Budget and/or the realization report of State Budget implementation in the First Semester of Fiscal Year 2017;

2. Impact of debt restructuring for the management of debt portfolio;

3. Impact of accelerated loan drawdown;

4. Impact of Hedging transaction on payment of loan interest and loan principal installment; and/or

5. Impact of the change in composition of debt finance instrument.

Paragraph (2)...
Paragraph (2)

Implementation of hedging transaction shall be reported in the 2017 Central Government Financial Statement (LKPP) by the Government.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Liabilities arising from Hedging transaction shall not represent the state finance’s loss because such transaction is intended to protect the payment of loan interest and loan principal installment against fluctuation in currency and rate. In addition, the Hedging transaction is not for speculative purposes.

Paragraph (5)

Self-explanatory.

Article 34

Paragraph (1)

Self-explanatory.

Paragraph (2)

The procedure for settlement of the Government institution’s receivables stipulated in the Regulation of the Minister of Finance includes the procedure and criteria for settlement of receivables of the former Indonesian Banking Restructuring Agency (ex-BPPN).

Article 35

Self-explanatory.

Article 36

Self-explanatory.

Article 37...
Article 37

Paragraph (1)

Such emergency situation results in prognosis of the decline of the state revenue from Tax Revenue and PNBP, and the expected additional expenses of the state arising from the payment of debt principal and interest, Fuel and electricity subsidy, as well as other expenditures.

Letter a

The term “projection” in this provision shall mean the projection of economic growth of at least 1% (one percent) below the assumption and/or other projection of macroeconomic assumption deviating at least 10% (ten percent) from the planned assumption, except for lifting prognosis which should not deviate below 5% (five percent).

Paragraph (2)

Self-explanatory.

Paragraph (3)

The term “for any reason whatsoever” shall mean that the Budget Board has not been able to hold work meeting and/or make any conclusion at such meeting within 1x24 (one times twenty-four) hours upon the submission of the proposal to the House of Representatives by the Government.

Paragraph (4)

Self-explanatory.
Article 38

Paragraph (1)

The term “the Indonesia Deposit Insurance Corporation undergoes liquidity problem” shall mean an event in which the amount of the estimated cash to be acquired from the source of finance of the Deposit Insurance Corporation is not sufficient to cover the amount that should be settled by the Deposit Insurance Corporation.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

The term “for any reason whatsoever” shall mean that the Budget Board has not been able to hold work meeting and/or make any conclusion at such meeting within 1x24 (one times twenty-four) hours upon the submission of the proposal to the House of Representatives by the Government.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41...
Article 41
Self-explanatory.

Article 42
Letter a
The determination of the poverty rate shall comply with the calculation methodology of National Poverty Line (GKN) as carried out by the Statistics Indonesia (BPS).

Letter b
Self-explanatory.

Letter c
Self-explanatory.

Letter d
Self-explanatory.

Article 43
Self-explanatory.

Article 44
Self-explanatory.
APPENDIX I
LAW OF THE REPUBLIC OF
INDONESIA
NUMBER 18 OF 2016 REGARDING
THE STATE BUDGET FOR
FISCAL YEAR 2017

DETAIL OF ALLOCATION OF BUDGET FINANCE IN
THE STATE BUDGET FOR FISCAL YEAR 20167

<table>
<thead>
<tr>
<th>ALLOCATION OF BUDGET FINANCE</th>
<th>(In Thousand Rupiah)</th>
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<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>330,167,788,571</strong></td>
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<tr>
<td><strong>Debt Financing</strong></td>
<td><strong>384,690,492,775</strong></td>
</tr>
<tr>
<td>1.1 State Securities (net)</td>
<td>399,992,586,000</td>
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<tr>
<td>1.2 Loan (net)</td>
<td>-15,302,093,225</td>
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<tr>
<td>1.2.1 Domestic Loan (net)</td>
<td>1,486,800,000</td>
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<tr>
<td>1.2.1.1 Drawdown of Domestic Loan (gross)</td>
<td>2,500,000,000</td>
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<tr>
<td>1.2.1.2 Payment of Domestic Loan Principal Installment</td>
<td>-1,013,200,000</td>
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<tr>
<td>1.2.2 Foreign Loan (net)</td>
<td>-16,788,893,225</td>
</tr>
<tr>
<td>1.2.2.1 Drawdown of Foreign Loan (gross)</td>
<td>48,293,174,075</td>
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<tr>
<td>1.2.2.1.1 Cash Loan</td>
<td>13,300,000,000</td>
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<tr>
<td>1.2.2.1.2 Project Loan</td>
<td>34,993,174,075</td>
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<td>1.2.2.1.2.1 Central Government Project Loan</td>
<td>24,921,745,075</td>
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<td>1.2.2.1.1.1 State Ministry/Institution Project Loan</td>
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<td>1.2.2.1.2.1.2 Project Loan Subsequently Granted</td>
<td>1,016,264,000</td>
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<td>1.2.2.1.2.2 Project Loan to BUMN/Local Government</td>
<td>10,071,428,288</td>
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<td>1.2.2.2 Payment of Foreign Loan Principal Installment</td>
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2 Investment...
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<td>Investment in BUMN</td>
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<td>PMN in PT Penjaminan Infrastruktur Indonesia (Persero)</td>
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<td>Investment in Other Institution/Organization</td>
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<td>2.2.1</td>
<td>PMN in Indonesia Export Financing Institution</td>
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<td>2.2.2</td>
<td>PMN in BPJS Kesehatan for Health Insurance Fund Program</td>
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<td>Investment in BLU</td>
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<td>2.3.1</td>
<td>Revolving Fund</td>
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<td>Housing Finance Fund Management Center</td>
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<td>Marine and Fishery Business Capital Management Agency (LPMUKP)</td>
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<td>Revolving Fund Management Agency (LPDB) of KUMKM</td>
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<td>National Education Development Fund (DPPN)</td>
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<td>State Assets Management Agency (LMAN)</td>
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<td>Government Investment Center</td>
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<td>PMN in International Financial Organization/Institution</td>
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<td>The Islamic Corporation for the Development of the Private Sector (ICD)</td>
<td>-41,030,500</td>
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<td>International Fund for Agricultural Development (IFAD)</td>
<td>-39,900,000</td>
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<tr>
<td>2.4.4</td>
<td>International Development Association (IDA)</td>
<td>-44,289,000</td>
</tr>
<tr>
<td>2.4.5</td>
<td>Asian Infrastructure Investment Bank (AIIB)</td>
<td>-1,787,786,000</td>
</tr>
<tr>
<td>3</td>
<td>Loan Extension</td>
<td>-6,409,651,268</td>
</tr>
<tr>
<td>3.1</td>
<td>Loan to BUMN/Local Government/Institution/Other Agency</td>
<td>-6,409,651,268</td>
</tr>
<tr>
<td>3.1.1</td>
<td>Loan to BUMN/Local Government (net)</td>
<td>-6,409,651,268</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>------------------------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>3.1.1.1</td>
<td>Loan to BUMN/Local Government (gross)</td>
<td>-10,071,428,288</td>
</tr>
<tr>
<td>3.1.1.2</td>
<td>Proceeds from payment of loan installment from BUMN/Local Government</td>
<td>3,661,777,020</td>
</tr>
<tr>
<td><strong>4</strong> Guarantee Liabilities</td>
<td></td>
<td><strong>-924,124,000</strong></td>
</tr>
<tr>
<td><strong>5</strong> Other Financing</td>
<td></td>
<td><strong>300,000,000</strong></td>
</tr>
<tr>
<td>5.1</td>
<td>Proceeds from Assets Management</td>
<td>300,000,000</td>
</tr>
</tbody>
</table>

PRESIDENT OF THE REPUBLIC OF INDONESIA,
Signed.
JOKO WIDODO

Certified true copy
MINISTRY OF STATE SECRETARY OF
THE REPUBLIC OF INDONESIA
Assistant Deputy of Economic Affairs
Deputy of Law and Legislation
[Signed and sealed]
Lydia Silvanna Djaman
## APPENDIX II

**LAW OF THE REPUBLIC OF INDONESIA**

**NUMBER 18 OF 2016 REGARDING THE STATE BUDGET FOR FISCAL YEAR 2017**

**FISCAL POSTURE OF THE STATE BUDGET FOR FISCAL YEAR 2017**

<table>
<thead>
<tr>
<th></th>
<th>(In Thousand Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. STATE REVENUE</strong></td>
<td><strong>1,750,283,380,176</strong></td>
</tr>
<tr>
<td>I. DOMESTIC REVENUE</td>
<td>1,748,910,718,574</td>
</tr>
<tr>
<td>1. TAX REVENUE</td>
<td>1,498,871,646,935</td>
</tr>
<tr>
<td>2. NON-TAX REVENUE</td>
<td>250,039,071,639</td>
</tr>
<tr>
<td>II. GRANT REVENUE</td>
<td>1,372,661,602</td>
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<tr>
<td><strong>B. STATE EXPENDITURE</strong></td>
<td><strong>2,080,451,168,747</strong></td>
</tr>
<tr>
<td>I. CENTRAL GOVERNMENT EXPENDITURE</td>
<td>1,315,526,103,976</td>
</tr>
<tr>
<td>II. TRANSFER TO REGIONS AND VILLAGE FUND</td>
<td>764,925,064,771</td>
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<tr>
<td><strong>C. PRIMARY BALANCE</strong></td>
<td><strong>-108,973,200,901</strong></td>
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<tr>
<td><strong>D. BUDGET SURPLUS/(DEFICIT) (A – B)</strong></td>
<td><strong>-330,167,788,571</strong></td>
</tr>
<tr>
<td>Budget Deficit % of PDB</td>
<td>-2.41</td>
</tr>
<tr>
<td><strong>E. BUDGET FINANCE (I + II + III + IV + V)</strong></td>
<td><strong>330,167,788,571</strong></td>
</tr>
<tr>
<td>I. DEBT FINANCING</td>
<td>384,690,492,775</td>
</tr>
<tr>
<td>II. INVESTMENT FINANCING</td>
<td>-47,488,928,936</td>
</tr>
<tr>
<td>III. LOAN EXTENSION</td>
<td>-6,409,651,268</td>
</tr>
<tr>
<td>IV. GUARANTEE LIABILITIES</td>
<td>-924,124,000</td>
</tr>
<tr>
<td>V. OTHER FINANCING</td>
<td>300,000,000</td>
</tr>
</tbody>
</table>

PRESIDENT OF THE REPUBLIC OF INDONESIA,
Signed.

JOKO WIDODO

Certified true copy

MINISTRY OF STATE SECRETARY OF
THE REPUBLIC OF INDONESIA
Assistant Deputy of Economic Affairs
Deputy of Law and Legislation

Lydia Silvanna Djaman