

**GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER: 51 OF 1998; DATED: APRIL 20, 1998**

RE

FOREST RESOURCE PROVISION

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

- a. that forests in Indonesia is a natural resources which constitutes one of the national economic potentials to be managed .in order that it could be utilized maximally and continuously in the framework of the national development;
- b. that in the framework of a sustainable forest management for the national development, a regulation shall be made concerning the provisions on forest resources throughout the Indonesian territories by Government Regulation;

Bearing in mind:

1. Article 5 paragraph (2) of the 1945 Constitution;
2. Act No. 5 of 1967 concerning the Forest Basic Provisions (State Gazette of 1967 No. 8, Supplementary State Gazette No. 2863);
3. Act No. 5 of 1974 concerning the Fundamentals of Regional Administration (State Gazette of 1974 No. 38, Supplementary State Gazette No. 3037);
4. Act No. 5 of 1984 concerning Industry (State Gazette of 1984 No. 22, Supplementary State Gazette No. 3274);
5. Act No. 20 of 1997 concerning Non-Tax State Revenues (State Gazette of 1997 No.43, Supplementary State Gazette No: 368 7).
6. Government Regulation No. 22 of 1967 concerning Forest Exploitation Right and Forest Yield Contribution (State Gazette of 1967 No. 36, Supplementary State Gazette No. 2844) as already amended by Government Regulation No. 21 of 19.80 (State Gazette of 1980 No. 31);
7. Government Regulation No. 21 of 1970 concerning Forest Exploitation Fights and Forest Yield Collections (State Gazette of 1970 No. 31, Supplementary State Gazette No. 2935) as already amended by Government Regulation No. 18 of 1975 (State Gazette of 1975 No. 22, Supplementary State Gazette No. 3055);
8. Government Regulation No. 33 of 1970 concerning Forest Planning Collections (State Gazette of 1970 No. 50, Supplementary State Gazette No. 2945);
9. Government Regulation No. 28 of 1985 concerning Forest Protection (State Gazette of 1985 No. 39, Supplementary State Gazette No. 2945);

HAS DECIDED

To stipulate:

**THE GOVERNMENT REGULATION CONCERNING FOREST RESOURCE
PROVISION.**

Article 1

In this Government Regulation referred to as:

1. PSDH/Forest Resource Provisions or Resource Royalty provisions shall be the levies imposed as indemnification of the intrinsic value of the yield collected from the State forests.
2. State Forest shall be the forest zones and the forest which grows on land not imposed with property right.
3. The HPH/Forest Exploitation Rights shall be the right to exploit the forest inn one forest zone comprising the activities of wood cutting/felling, forest re-juvenation and maintenance, processing and marketing of forest yields in accordance with the Forest Exploitation Work Plan according to the provisions in force as well as based on the forest preservation and the company's principles.
4. The HPHH/Forest Yield Collection Right shall be the right to fell/cut according to the capabilities covering a forest area of maximally 100 (one hundred) hectares for a period of maximally 2 (two) years and to take wood and other forest yields in the amount stipulated in the licence/permit concerned for a period of 6 (six) months.

5. The IPK/Wood Utilization Permit shall be the permit/licence for felling/cutting, transporting and using wood of forest areas already stipulated for non-forestry or HTI/Timber estate purpose.
6. ISL/Other legal permits shall be permits provided besides for HPH/Forest Exploitation rights, HPH/Forest Yield Collection Rights and IPK/Wood Utilization Rights, for instance for auction proceeds.
7. IPKH/Upstrams Wood Processing Industry shall be the industry which is processing directly logwood and/or splinter materials.
8. Market price shall be the considered average sales price of forest yields prevailing at domestic and foreign markets.
9. Production cost shall be the expenditures spent to obtain ready for marketing forest yields.
10. PNBP/Non-Tax State Revenues shall be all Central Government revenues not originating from taxation revenues.

Article 2

PSDH/Resources Royalty provision constitutes one kind of PNBP in force at the Department of Forestry and Plantations.

Article 3

- (1) The PSDH shall be paid by holders of a HPH/HPHH/IPK and ISL on the forest yield collected from state forests.
- (2) The PSDH imposition and collection procedures shall be regulated further by the Minister of Forestry and Plantations.

Article 4

- (1) The PSDH shall be directly deposited at the State Treasury.
- (2) The PSDH depositing procedure as referred to in paragraph (1) shall be further regulated by the Minister of Finance.

Article 5

- (1) The basis of the calculation and the amount of PSDH shall be stipulated by the Minister of Forestry and Plantation based on the market price and production cost.
- (2) The PSDH tariff amount shall be stipulated by the Minister of Forestry and Plantation after having obtained the considerations of the Minister of Finance.
- (3) The PSDH amount mentioned in paragraph (1) shall be treated with disregard of the objective of the use of wood marketing.
- (4) The Market Price as referred to in paragraph (1) shall be obtained from the Minister of Industry and Trade.

Article 6

The utilization of the PSDH shall be stipulated by the Minister of Finance after having obtained the considerations of the Minister of Forestry and Plantations.

Article 7

The Land and Building Tax on a cutting block area shall be imposed in accordance with the provisions of Act No. 12 of 1985 concerning Land and Building Tax as already amended by Act No. 12 of 1994.

Article 8

The PSDH payment implementation shall not prejudice the obligations of the HPH/HPHH/IPK/IPKH and ISL holders to pay their other obligations.

Article 9

The further implementation of these Government regulations shall be regulated by the Minister of Forestry and Plantations, the Minister of Industry and Trade, the Minister of Finance and the Minister of Home Affairs jointly as well severally in accordance with their respective task sectors.

Article 10

This Government Regulation shall start to be effective as of the date of promulgation.

For the information of the public, it is instructed to promulgate this Government Regulation by inserting it in the State Gazette of the Republic of Indonesia.

Stipulated in: Jakarta

On: April 20, 1998

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

sgd.

SOEHARTO

Promulgated in: Jakarta

on : April 20, 1998

THE STATE MINISTER/STATE SECRETARY
OF THE REPUBLIC OF INDONESIA

sgd.

SAADILLAH MUIRSJID