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**New Implementing Regulation on Levy for the use of Forests for Non-Forestry Activities such as Mining**

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**Summary**
A new implementing regulation particularly relevant to mining companies with respect to payment of a Forestry use levy has been published.

**The Detail**
The Minister of Forestry has issued Minister of Forestry Regulation No. 14 of 2025 regarding Procedure for the Imposition, Determination, and Payment of the Types of Non-Tax State Revenue in the Framework of the Use of Forest Area ("**MOFR 14/2025**"), which became effective as of 29 July 2025. MOFR 14/2025 serves as one of the implementing regulations of Government Regulation No. 23 of 2021[1], Government Regulation No. 36 of 2024[2] and Minister of Environment and Forestry Regulation No. 7 of 2021[3]. MOFR 14/2025 regulates the types of Non-Tax State Revenue (*Penerimaan Negara Bukan Pajak* or "**PNBP**") applicable to holders of the Use of Forest Area Approval (*Persetujuan Penggunaan Kawasan Hutan* or "**PPKH**"), including the form/method of payment as well as the formulation for calculating the payable amount.

**Key Highlights**

a. ***Types of Non-Tax Revenue for the Use of Forest Area*** – (**i**) PNBP for the use of forest area ("**PNBP PKH**") is a PNBP for the use of forest area for the purpose of development of non-forestry activities, and (**ii**) PNBP as compensation ("**PNBP Compensation**") is a PNBP for the use of forest area for the purpose of development of non-forestry activities in a province which size is the same or less than the minimum size threshold of forest area which must be maintained at the relevant province.

b. ***Term of Payment*** **–** PNBP PKH must be paid annually throughout the validity period of the PPKH approval, while PNBP Compensation is payable once for the entire validity period of the PPKH approval.

[1] Government Regulation No. 23 of 2021 regarding Forestry Affairs

[2] Government Regulation No. 36 of 2024 regarding Types and Tariff of Non-Tax State Revenue Applicable in the Ministry of Environment and Forestry

[3] Minister of Environment and Forestry Regulation No. 7 of 2021 on Forestry Planning, Change of Forest Area Designation and Change of Forest Area Function, also Use of Forest Area

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c. ***Object*** - PNBP PKH is imposed on the entire forest area granted under the PPKH, based on its designated use criteria as described in the baseline for the use of forest area prepared by the relevant PPKH holders, which criteria consists of:

(i) L1 area (used for supporting facilities of a permanent nature);
(ii) L2 area (used for temporary purposes and/or those with significant environmental impact); and
(iii) L3 area (areas that have sustained permanent damage and must be reclaimed to the greatest extent possible).

PNBP Compensation is imposed on the entire forest area granted under the PPKH, regardless of the use criteria.

d. ***PNBP Calculation -*** The calculation of PNBP PKH and PNBP Compensation is carried out independently by the PPKH holders as the taxpayers, based on the guideline set out under MOFR 14/2025. The formulas used for the calculation are as follows:

**PNBP PKH calculation formula:**

| (L1 x 1 x rate) + (L2 x 4 x rate) + (L3 x 7 x rate) |
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**PNBP Compensation calculation formula:**

| Area size of the PPKH × rate |
|---|

The "rate" as referred to in the formulas are in accordance with the prevailing provisions on PNBP applicable at the Ministry of Forestry.

e. ***Reporting -*** PPKH holders must report the fulfilment of their PNBP payment obligations and supporting data to the Directorate General of Forestry Planning via the Use of Forest Area Information System annually no later than 30 (thirty) calendar days prior to the PNBP payment due date.

f. ***Transitional Provisions –*** PNBP PKH also applies to forest area lend-use permits that are still valid. For permit holders whose permits were issued due to the use of forest area activity conducted prior to the enactment of Law No. 41 of 1999 on Forestry, PNBP PKH shall be imposed retroactively, calculated from the date when the provisions on PNBP from the use of forest area for non-forestry activities first became effective, using the applicable PNBP tariff in effect at the time the obligation was imposed.

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On 30 July 2025, the Minister of Forestry further issued Circular Letter No. SE 6/MENHUT/SETJEN/KUM.02/7/2025 regarding Forestry Activities in Forest Areas Which Are Not Subject to Tax/Retribution, which essentially serves as a directive to the regional governments not to impose regional tax and/or retribution to, among others, PPKH holders, as their activities within forest areas are already subject to PNBP, thereby preventing double taxation.

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