INDONESIAN PRODUCTION SHARING CONTRACT (PSC)
FISCAL REGIME

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PPM Project
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FISCAL REGIME

1. First Tranche Petroleum (FTP)
2. Investment Credit (IC)
3. Cost Recovery
4. Sharing Split (Equity to be Split)
5. Domestic Market Obligation (DMO)
6. Tax Structure
7. No Royalty
BASIC PSC ECONOMIC MODEL

Gross Revenue = (Oil Sale x Oil Price) + (Gas Sales x Gas Price)

FTP = 20% x Gross Revenue

Cost Recovery is taken from Gross Revenue after FTP deduction

FTP + Profit Oil (Equity To Be Split) is split among Government and Contractor.

Oil Split, Govt : Contr. = 85 : 15
Gas Split, Govt : Contr. = 65 : 35
(After Tax Figure!!)

DMO is calculated based on Contractor’s Oil share and paid by Contractor to Govt. No DMO for Gas

Taxable Income = Contractor Share – DMO paid

Contractor Take = Contractor Share – DMO paid – Tax – Costs + Cost Recovery
Govt. Take = Govt. Share + DMO + Tax

(* investment credit is based on tangible capital.

Current Regime: Tax Level is 44%
BASIC CONCEPT

Sharing Split

First Tranche Petroleum

Cost Recovery

Remaining Production
(Equity to be Split)

Government Share
Equity Share
Domestic Market Obligation

Contractor Share
Equity Share
Domestic Market Obligation
(subject to Indonesian income tax)
SUMMARY SHARING MECHANISM

NOTES:
- Conventional PSC
- Sharing Split 85/15 at 44% Tax
- Prior Years' Depreciation $3,250
- Investment Credit 17% Oil Production Facilities
THANK YOU..