Tax policies on certified emission reduction transactions / Titi Muswati Putranti

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Abstrak

Abstract. The purpose of Clean Development Mechanism (CDM) is to reduce the emission of greenhouse gas through carbon credit. The mechanism allows projects or business enterprises related to the reduction of carbon emission in developing countries to receive the Certified Emission Reduction (CER). The current research uses the qualitative approach and analyzes policies on Value-Added Taxes (PPN) and the Income Tax (PPh) to determine the ones appropriate for CER transactions in Indonesia. India?s policies of PPN and PPh on CER transactions are used as a benchmark to analyze tax policies on CER transactions in Indonesia. The current research shows that, in regard to PPN taxable objects, CER is the equivalent of a marketable security or collateral. Article 4 Clause (2) Point d in UU PPN Indonesia states that marketable securities are categorized as non-taxable goods; therefore, in accordance with UU PPN, a CER transaction is exempt from PPN. PPh laws and regulations state that the income from CER sales in Indonesia is subject to the income tax. To support the policy on carbon emission reduction, the government can issue a policy in which PPN is not levied on imported machines or equipments used in technology transfer activities, and thus facilitate the growth of CDM projects.