

## Imposing expatriates tax income of production sharing contractor related to cost recovery : Case study at KPS BP West Java, Ltd

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### Abstrak

As it is stated at article 12 Law number 8 year 1971 about National Petroleum Company, Pertamina as the stockholder for mining oil and natural gas, then being changed by BP Migas as government authorized to sign and control management operation of mainstream business activity based on Law of Indonesian Republic about Petroleum & Gas number 22 year 2001, can cooperate with third party in the form of Production Sharing Contract, or other Contracts. Business activity in mainstream industry that is carried out by foreign companies cause expatriates mobilization according to the expertise and need of related companies to support their activities in Indonesia. Apart from high salary, they are also given various allowances to fulfill the expatriate's and their family's need during their duties period in Indonesia, so that these expatriates can become very potential tax subject for the state revenue.

This research aimed to get clearer description about imposing cost recovery and treating expatriates tax income in KPS according to the existing law. One of the dominant aspects in KPS is cost recovery spent first by contractor financed by government when contractor has successfully found petroleum reserve popularly known as cost recovery. Expatriates tax income treatment by doing gross-up and putting that tax allowance into cost recovery causes reduction to government share in Production Sharing Contract as much as these expatriates tax that should become the state revenue.

From the result of research concluded that the treatment above is deviated from normative determination, but suitable with the prevailing determination of positive law, in this case contract and supporting rule. It is suggested that in KPS agreement contains more detail explanation about imposition of cost recovery components, and imposition of Income Tax Law for KPS can be more detailed and assertive so that it can give law certainty and reach agreement of Production Sharing Contract in Indonesia.

Research methodology used in this research is descriptive analysis by using data collection such as field study through interview with PSG expert, VP finance, Tax advisor and HRD Manager, documentary data as well as library study.

Biography : 50 Books (Tahun 1967 - 2001)