Resource Governance Assessment

Indonesia

Licensing and Taxation in the Minerals Sector

AUGUST 2026



A tool developed by

NRGI

In partnership with

POLGOV
Research Center for Politics and Government

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What is the RGA?

The Resource Governance Assessment (RGA) is an analytical framework developed by the Natural Resource Governance Institute to succeed the Resource Governance Index (RGI). It measures the quality of governance in the extractive sector around four components: Licensing and Taxation, Revenue Management, Socio-environmental Impacts and Energy Transition. Each component is assessed through indicators that systematically distinguish the rules (what the legal framework provides for) from practice (what the State actually implements). The RGA includes core and optional indicators. Scores range from 0 to 100.

Extractive sector components:



Licensing & Taxation



Revenue Management



Socio-Environmental Impacts



Energy Transition

Introduction

52 / 100

Indonesia receives an overall score of 52 out of 100 on the licensing and taxation components, comprising a licensing score of 41 and a taxation score of 57.

Indonesia has strengthened the legal foundations of mineral licensing and taxation, but other aspects of governance remain uneven throughout the mining lifecycle.

Indonesia has made substantial progress in strengthening governance of its mineral sector over the past decade. Reforms supporting downstream industrialization have been accompanied by improvements in mining licensing systems, digital information platforms and fiscal administration. These reforms have increased regulatory certainty and improved public access to selected mining information. However, the Resource Governance Assessment (RGA) finds that transparency remains strongest before mining licenses are awarded and becomes considerably weaker once mining operations begin. Limited disclosure of contracts, beneficial ownership data, company-level fiscal information and state-owned enterprise (SOE) financial flows continues to constrain public accountability and investment stability linked to these key areas of the sector. The RGA findings reflect the EITI-Indonesia last validation results.

This briefing presents findings for the licensing and taxation components of the 2026 RGA. Together, these components assess whether governments allocate mineral rights transparently, collect revenues effectively and provide sufficient information for citizens to understand how natural resources are governed.

Improving performance in licensing and taxation is essential for reducing corruption risks, strengthening investor confidence, supporting effective revenue mobilization and ensuring that mineral wealth contributes to sustainable national development.

Comparisons with Indonesia's 2017 Resource Governance Index (RGI) should be interpreted cautiously. The RGI covered both the oil and gas as well as mineral sectors and used a different methodology, whereas the 2026 RGA focuses exclusively on the mineral sector. Consequently, differences in scores reflect both changes in governance performance and the RGA's broader scope and more ambitious criteria for good practice.

2026 Indonesia RGA methodology

The data collection for the RGA was conducted from July 2025 to February 2026. Primary data (laws, regulations) were collected from official government websites (such as peraturan.bpk.go.id). Laws, regulations and policies assessed were issued between January 1999 and December 2025. External reviews were conducted by stakeholders from the Ministry of Energy and Mineral Resources (EITI-Indonesia Secretariat) and the Publish What You Pay Indonesia (PWYP-Indonesia) Secretariat.

Key messages

Indonesia has strengthened licensing administration and fiscal regulation, but implementation gaps continue to limit transparency and accountability.

Two decades of reform have given Indonesia a strong mineral governance foundation. Digital licensing systems, improved mining cadaster management and clearer licensing procedures are now in place. Platforms such as Minerba One Map Indonesia (MOMI), Minerba One Data Indonesia (MODI) and the Indonesia Extractive Industries Transparency Initiative (EITI) Extractive Data Portal have substantially improved public access to concession information and licensing data. Indonesia has also established a comprehensive legal framework governing mining taxation and royalties, providing greater regulatory certainty for both government and industry.

Transparency declines sharply once licenses are awarded. Information on operational compliance, production reporting, inspections, sanctions and license amendments is scattered across institutions and hard for the public to obtain. Public disclosure of mining contracts is absent, while beneficial ownership information is incomplete and only partially accessible. Confidentiality provisions still block disclosure of company- and project-level tax and royalty payments. Disclosure of fiscal transfers and quasi-fiscal expenditures involving SOEs also remains limited.

The next phase of reform is about implementation, not legislation. Future reforms should apply existing regulations more consistently and expand public disclosures, to strengthen stability and accountability. Priorities include expanding transparency across the mining lifecycle—especially post-award stages—strengthening beneficial ownership disclosure, improving access to company-level fiscal information so that disclosure practice matches legal reform, and integrating existing information systems to enable more comprehensive public oversight of the extractive sector.

Subcomponent 1: Licensing

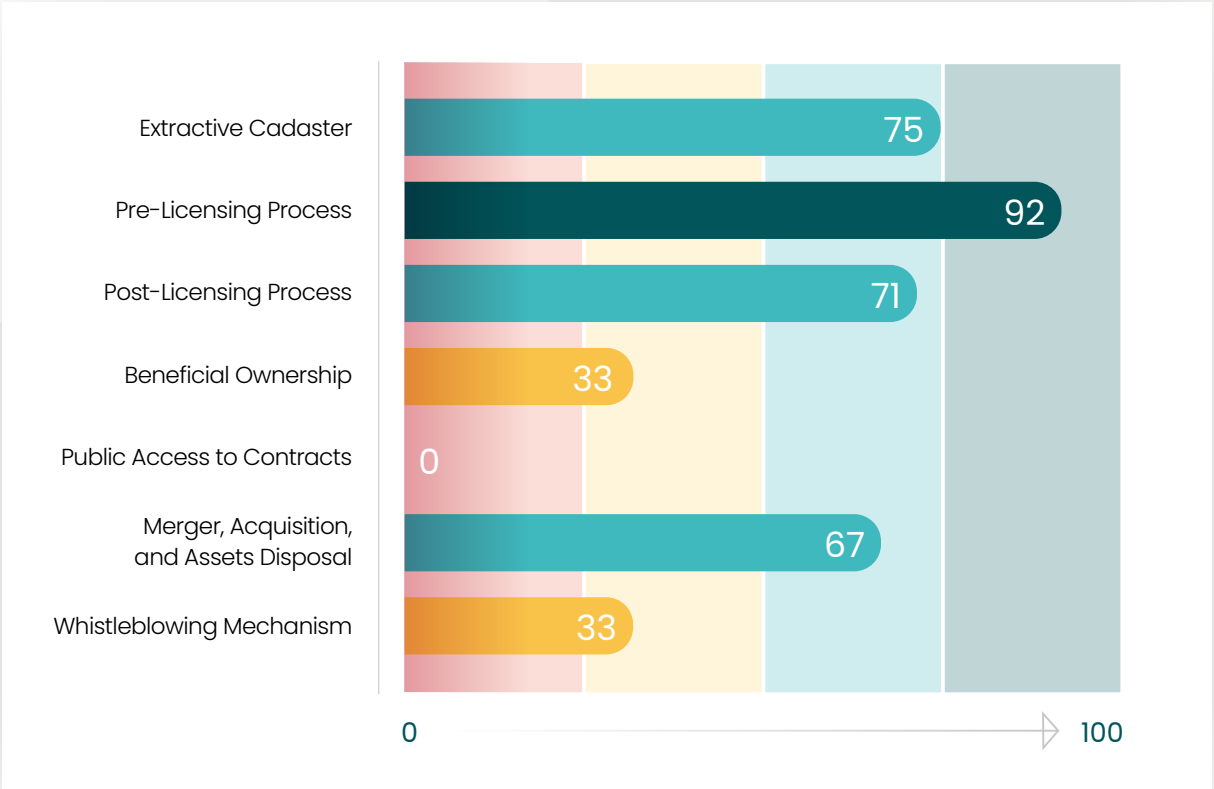
41 / 100

Indonesia receives a score of 41 out of 100 on the licensing subcomponent score. Its RGI score for the licensing subcomponent in 2017 was 37.

Indonesia has established a stronger and more transparent licensing framework over the past two decades. Regulatory reforms, institutional restructuring and digitalization have significantly improved the administration of mining licenses and public access to information before licenses are awarded. These improvements have enhanced regulatory certainty and reduced many of the governance challenges associated with Indonesia's previously decentralized licensing regime.

Despite this progress, transparency is considerably weaker during the operational phase of mining projects. Public disclosure of contracts, beneficial ownership, compliance monitoring and operational oversight remain limited. As a result, although Indonesia has improved the governance of license allocation, less progress has been made in ensuring accountability after mining activities commence.

Figure 1. Detailed Score Breakdown (Licensing)



Mining cadaster and pre-licensing process: Digitalization and centralization have improved administration, consistency and oversight

Indonesia achieves particularly strong scores on the **mining cadaster (75)** and **pre-licensing processes (92)** topics, reflecting substantial reforms that have standardized licensing procedures and improved public access to mining information.

Following the enactment of Law No. 4/2009 and its amendment through Law No. 3/2020, responsibility for mining licensing has become increasingly centralized. Combined with the introduction of integrated digital licensing systems, these reforms have improved administrative consistency while reducing overlapping permits and strengthening regulatory oversight.

Digital platforms such as MOMI, MODI and the Indonesia EITI Extractive Data Portal provide stakeholders with access to concession boundaries, license status, company information and spatial data. Together, these systems have significantly improved transparency during the allocation of mining rights and reduced information asymmetry between government agencies, companies and the public.

These reforms are particularly important in Indonesia, where overlapping licenses and inconsistent licensing practices have historically contributed to governance challenges, legal uncertainty and corruption risks. Improving transparency before licenses are awarded helps strengthen investor confidence while reducing opportunities for discretionary decision-making.

Post-licensing processes: Transparency and accountability decline once mining operations begin

While Indonesia performs strongly during the licensing process, transparency becomes considerably weaker after licenses have been issued. The assessment assigns a score of **71 on post-licensing processes**, reflecting gaps in public disclosure during mining operations.

Information concerning production performance, environmental compliance, inspections, sanctions, permit amendments, suspensions and license revocations remains fragmented across multiple institutions, and it is often difficult for the public to obtain. Although government agencies routinely collect much of this information, disclosure practices are inconsistent.

This illustrates an important difference between regulatory requirements for monitoring by government agencies and implementation of broader public accountability. Indonesia possesses an extensive legal framework requiring monitoring and supervision of mining activities, but information generated through these oversight mechanisms is not always made available to the public. Consequently, communities, researchers, journalists and civil society organizations face considerable challenges in independently assessing whether mining companies are complying with legal obligations and government oversight is functioning effectively.

Improving transparency during mining operations would strengthen accountability throughout the mining lifecycle rather than concentrating transparency primarily at the licensing stage. Stronger oversight in production, processing and export can help address socio-environmental, integrity and investment risks associated with these stages.

Public access to contracts: Contract transparency remains absent

Public access to mining contracts represents the weakest aspect of Indonesia's licensing framework, receiving a **score of 0**.

Although Indonesia's Freedom of Public Information Law establishes broad principles for government transparency, statutory exemptions continue

to classify mineral contracts as confidential information. As a result, contracts governing the development of public mineral resources remain unavailable for independent scrutiny.

Contract disclosure has become an established international best practice. It is an important element of resource governance because it enables citizens to understand the rights and obligations agreed between governments and companies. Without access to these agreements, stakeholders cannot independently assess fiscal terms, environmental obligations or commitments relating to local development.

Introducing greater contract transparency would strengthen public confidence while aligning Indonesia more closely with international norms.

Beneficial ownership

Reforms have established an important foundation, but implementation remains incomplete

Indonesia receives a score of **33 for beneficial ownership policy and practice**. The country has established an important legal framework through Presidential Regulation No. 13/2018 as well as subsequent implementing regulations requiring companies to disclose beneficial ownership information. These reforms demonstrate Indonesia's commitment to improving corporate transparency and reducing corruption risks.

However, implementation remains incomplete. Beneficial ownership information is frequently limited in scope, difficult to verify and partially accessible only through paid services. Moreover, existing regulations do not establish sufficiently strong enforcement mechanisms to ensure compliance.

Consequently, while Indonesia's legal framework broadly reflects international transparency standards, practical implementation remains a considerable challenge. Strengthening data quality, verification mechanisms, enforcement and free public access would significantly improve the usefulness of beneficial ownership information

Overall licensing assessment

Indonesia has made substantial progress in strengthening the governance of mining license allocation through regulatory reform, institutional modernization and digital information systems. These reforms have significantly improved transparency before licenses are awarded, as well as strengthening the overall administration of the licensing process.

Future reforms should now focus on extending transparency beyond license allocation. Improving disclosure of contracts, operational oversight and beneficial ownership information would strengthen accountability throughout the mining lifecycle and help ensure that Indonesia's mineral governance continues to evolve alongside international good practice.

Subcomponent 2: Taxation

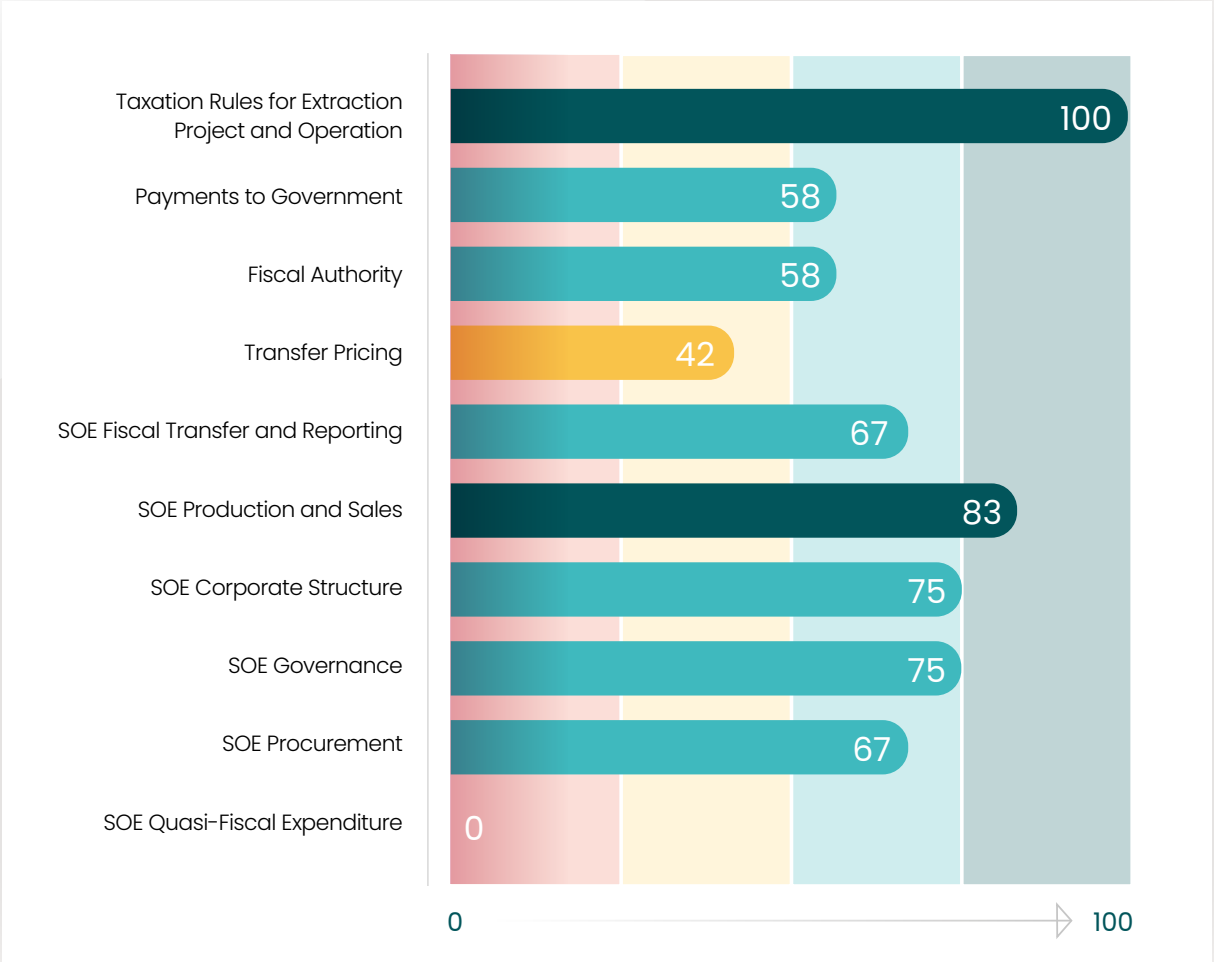
57 / 100

Indonesia receives a score of 57 out of 100 on the taxation subcomponent score. Its RGI score for the taxation subcomponent in 2017 was 84.

Indonesia has established a comprehensive legal and institutional framework governing taxation and revenue collection in the mineral sector. Clear legislation, standardized fiscal instruments and established administrative responsibilities provide a predictable framework for collecting taxes and royalties from mining activities. These arrangements have supported Indonesia's broader strategy of increasing the contribution of the mineral sector to national economic development.

However, transparency surrounding how revenues are collected, reported and transferred remains uneven. While aggregate government revenue information is generally available, disclosure at the company and project levels is limited. Similar transparency gaps exist in fiscal transfers involving SOEs, particularly concerning quasi-fiscal expenditures. Consequently, although Indonesia performs well in establishing fiscal rules, greater transparency is needed to strengthen accountability and public confidence in the management of mineral revenues.

Figure 2. Detailed Score Breakdown (Taxation)



Taxation rules: Indonesia has established a robust legal framework governing mining taxation

The RGA awards Indonesia a **score of 100** for the legal framework governing taxation and royalties, reflecting the strength and comprehensiveness of its fiscal regime.

Mining taxation is governed through an integrated framework, comprising Law No. 36/2008 on Income Tax, Law No. 3/2020 on Mineral and Coal Mining, Law No. 19/2003 on State-Owned Enterprises and numerous implementing government and ministerial regulations. Together, these establish clear obligations regarding corporate taxation, royalties, land rents, export duties and other fiscal payments applicable to mining companies.

Over the past decade, Indonesia has also adjusted fiscal policies to support downstream mineral processing while maintaining government revenue. These reforms have improved regulatory certainty by clearly defining the rights and obligations of both government agencies and mining companies.

The existence of a clear and predictable fiscal framework reduces uncertainty for investors while helping government institutions administer taxation consistently. The RGA therefore identifies relatively few weaknesses in the design of Indonesia's mining fiscal regime. Instead, most governance challenges arise from limitations in transparency and public disclosure rather than deficiencies in legislation itself.

Payment to government: Public disclosure of company-level payments remains limited

While Indonesia has established effective mechanisms for collecting mining revenues, public disclosure of those revenues remains considerably less developed.

The RGA assigns a **score of 58** on the **payment to government** indicator, reflecting that important information remains unavailable to the public despite being collected by government institutions.

Indonesia regularly publishes aggregate information on tax revenues, royalties and non-tax state revenues generated by the extractive sector. National budget documents, Ministry of Finance publications and EITI reporting provide valuable insight into the sector's overall contribution to public finances.

However, detailed information on taxes and royalties paid by individual mining companies or specific projects is generally treated as confidential under existing legal interpretations. As a result, citizens, researchers, journalists and oversight institutions cannot independently verify whether individual companies are paying the revenues they owe.

This distinction illustrates an important governance gap. Aggregate reporting demonstrates the sector's contribution to the national economy, but it does not provide sufficient information for public oversight of individual companies and projects. Disaggregated payment to government disclosures is a well-established global norm. Increasing transparency at the company and project level would significantly strengthen accountability and help identify potential revenue leakages, tax avoidance or inconsistencies in reporting.

Fiscal authority: The government has strong fiscal oversight, but public accountability is constrained

Indonesia scores **58 for fiscal authority**, reflecting that government institutions possess substantial legal authority to administer and enforce fiscal obligations, but they disclose relatively little information regarding their implementation.

Tax authorities have broad powers to conduct audits, monitor compliance, investigate irregularities and enforce payment obligations. These functions play an essential role in protecting state revenues from the extractive sector.

Nevertheless, much of the information generated through these processes remains confidential. Although government institutions can monitor compliance internally, external stakeholders have limited visibility into how enforcement powers are exercised or whether companies consistently meet their fiscal obligations.

This reflects another important distinction between government oversight and broader public accountability. Indonesia's institutional capacity for revenue administration is relatively strong, but confidentiality provisions continue to restrict public access to information that would strengthen confidence in the fairness and effectiveness of revenue collection.

Improving disclosure of enforcement activities—while protecting legitimately confidential taxpayer information—could enhance public trust and overall sector stability, without undermining the integrity of tax administration.

Transfer pricing: Continued attention on capacity and cooperation is warranted

The assessment assigns a **score of 42** for **transfer pricing**, making it one of the weaker elements within the taxation component.

Indonesia has adopted regulations intended to address transfer pricing risks and align domestic tax administration with international standards. These measures provide tax authorities with legal tools to challenge transactions that artificially shift profits or reduce taxable income.

However, transfer pricing remains inherently difficult to monitor within multinational extractive industries because of complex corporate structures, cross-border transactions and the use of affiliated companies throughout global value chains.

The relatively modest score therefore reflects the continuing challenges associated with transparency and enforcement rather than an absence of regulatory provisions. Continued investment in institutional capacity, data sharing and international cooperation will be important for reducing risks associated with aggressive tax planning in the mining sector.

State-owned enterprises: Financial flows remain uneven

SOEs play an increasingly important role in Indonesia's mineral sector, particularly as the government expands downstream processing and strategic investment initiatives.

The assessment finds that Indonesia generally performs well regarding SOE governance, production reporting, corporate structure and procurement arrangements. These indicators receive comparatively strong scores, ranging from 67 to 83, reflecting improvements in corporate governance and financial reporting.

However, transparency declines with respect to fiscal transfers between the government and SOEs.

The indicator on **quasi-fiscal expenditures** receives a **score of 0**, reflecting the absence of publicly available information on these financial flows.

Although Indonesia has regulations governing dividends, capital injections, guarantees, subsidies and other fiscal relationships involving SOEs, disclosure remains fragmented across multiple institutions and reporting platforms. Information regarding the purpose, value, timing and beneficiaries of quasi-fiscal expenditures is often unavailable or difficult to obtain.

Improving transparency in this area would allow stakeholders to better understand how public resources are allocated within the extractive sector. It would also strengthen confidence that these financial arrangements support national development objectives.

Overall taxation assessment

Indonesia has established a strong institutional foundation for collecting revenues from the mineral sector. Comprehensive legislation, clear fiscal rules and capable revenue authorities provide an effective framework for administering taxes and royalties.

The next stage of reform should focus on increasing transparency, supporting public accountability, strengthening institutional capacity and bolstering international cooperation on targeted policy areas. Greater disclosure of company-level tax payments, improved reporting of SOE financial flows and stronger transparency regarding fiscal oversight would significantly enhance accountability while supporting Indonesia's broader objectives of good governance and sustainable resource management.

Recommendations

Indonesia has made significant progress in strengthening governance of the mineral sector through regulatory reform, digitalization and institutional modernization. Future reforms should build on these achievements by improving implementation and expanding public access to information across the mining value chain.

Strengthen public accountability throughout the mining lifecycle

Indonesia has substantially improved transparency during the licensing stage through digital cadaster systems and standardized licensing procedures. The Ministry of Energy and Mineral Resources, the Ministry of Environment and regional governments should extend this approach throughout the operational phase of mining by expanding disclosures of contracts, production data, environmental monitoring, inspections, sanctions, permit amendments, suspensions and license revocations.

Building upon existing platforms such as MOMI, MODI and the Indonesia EITI Extractive Data Portal would provide stakeholders with a more complete understanding of mining activities, from license allocation through to mine closure.

Improve transparency of beneficial ownership and extractive revenues

Indonesia has established an important legal foundation for beneficial ownership disclosure. The next priority for the Ministry of Law, the Ministry of Finance, EITI Indonesia and reporting companies should be to improve implementation through stronger verification procedures, higher-quality data, more effective enforcement mechanisms and free, public access to beneficial ownership information.

At the same time, the government should review opportunities to increase disclosure of company- and project-level tax and royalty payments, consistent with domestic legal reforms and established international transparency standards. Greater fiscal transparency would strengthen public confidence while improving external oversight of resource revenues.

Improve interoperability between government systems

Mining information remains dispersed across multiple government databases, limiting its usefulness for public oversight.

The Coordinating Ministry for Economic Affairs, the Ministry of Energy and Mineral Resources and the Ministry of Finance should strengthen interoperability among existing systems—including MOMI, MODI, SIMBARA, beneficial ownership registries, revenue reporting systems and SOE disclosures—to provide a more integrated picture of resource governance. A connected information architecture would enable stakeholders to trace the full chain of accountability, from license allocation and ownership through to production, taxation and revenue distribution.

Strengthen transparency of state-owned enterprise financial relationships

As SOEs assume an increasingly important role in Indonesia's downstream mineral strategy, transparency regarding fiscal transfers should be strengthened.

The Ministry of SOEs, the Ministry of Finance and SOEs themselves should pursue standardized reporting of dividends, capital injections, guarantees, subsidies and quasi-fiscal expenditures. This would improve public understanding of how state resources are allocated and managed. Greater consistency in disclosure would also reinforce confidence that SOEs effectively contribute to Indonesia's long-term development objectives.

Conclusion

Indonesia has made measurable progress in modernizing governance of its mineral sector. Over the last decade, regulatory reforms, improved digital information systems and stronger fiscal institutions have created a more predictable environment for licensing and revenue collection.

Transparency, however, remains uneven across the mining value chain. Public access to information is strongest before mining licenses are awarded but becomes substantially weaker during project implementation and revenue management. Addressing these implementation gaps—particularly on contract disclosure, beneficial ownership data, company-level fiscal information and SOE financial reporting—would significantly strengthen accountability without requiring fundamental changes to Indonesia's regulatory framework.

Future reforms should therefore focus on enhancing implementation, improving interoperability among existing transparency systems and expanding public access to information. By building on the strong institutional foundations already in place, Indonesia can further strengthen public trust, reduce governance risks and strengthen the contribution of mineral wealth to inclusive national development.

About NRGI

The Natural Resource Governance Institute is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich developing countries.

Natural Resource Governance Institute

Learn more at **www.resourcegovernance.org**

About PolGov

The Research Center for Politics and Government (PolGov) is a research body under the management of Department of Politics and Government, Faculty of Social and Political Science, University of Gadjah Mada. PolGov has experience in research, community empowerment, and politics and government advocacy.

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