



DEWAN EKONOMI NASIONAL
REPUBLIK INDONESIA

Family Office and Special Economic Zone –Indonesia Financial Centre for Blended Finance

June 2025

Many countries develop their financial centre with a clear focus on ensuring attractiveness and confidence for investors

Through strong legal frameworks, competitive tax regimes, and quality of life



Singapore



- Entire country functions as a financial hub
- Top-tier **private banking and wealth management** ecosystem
- Strong legal certainty under **common law**
- Tax exemptions for family offices (Section 13O/13U)



Hong Kong



- Entire territory is a financial hub
- Reliable **common law** and **independent courts**
- Well-established **private banking and wealth management sector**
- **Family office tax concessions** (effective 2022) to attract UHNW families



Abu Dhabi
Global Market



- **Adopt English common law**, while UAE use Sharia-based system
- **Four independent governing bodies** ensuring efficient financial centre operations
- Strong **international promotion** and **global positioning** through partnerships
- **Zero corporate tax, 100% foreign ownership, no capital gains tax**



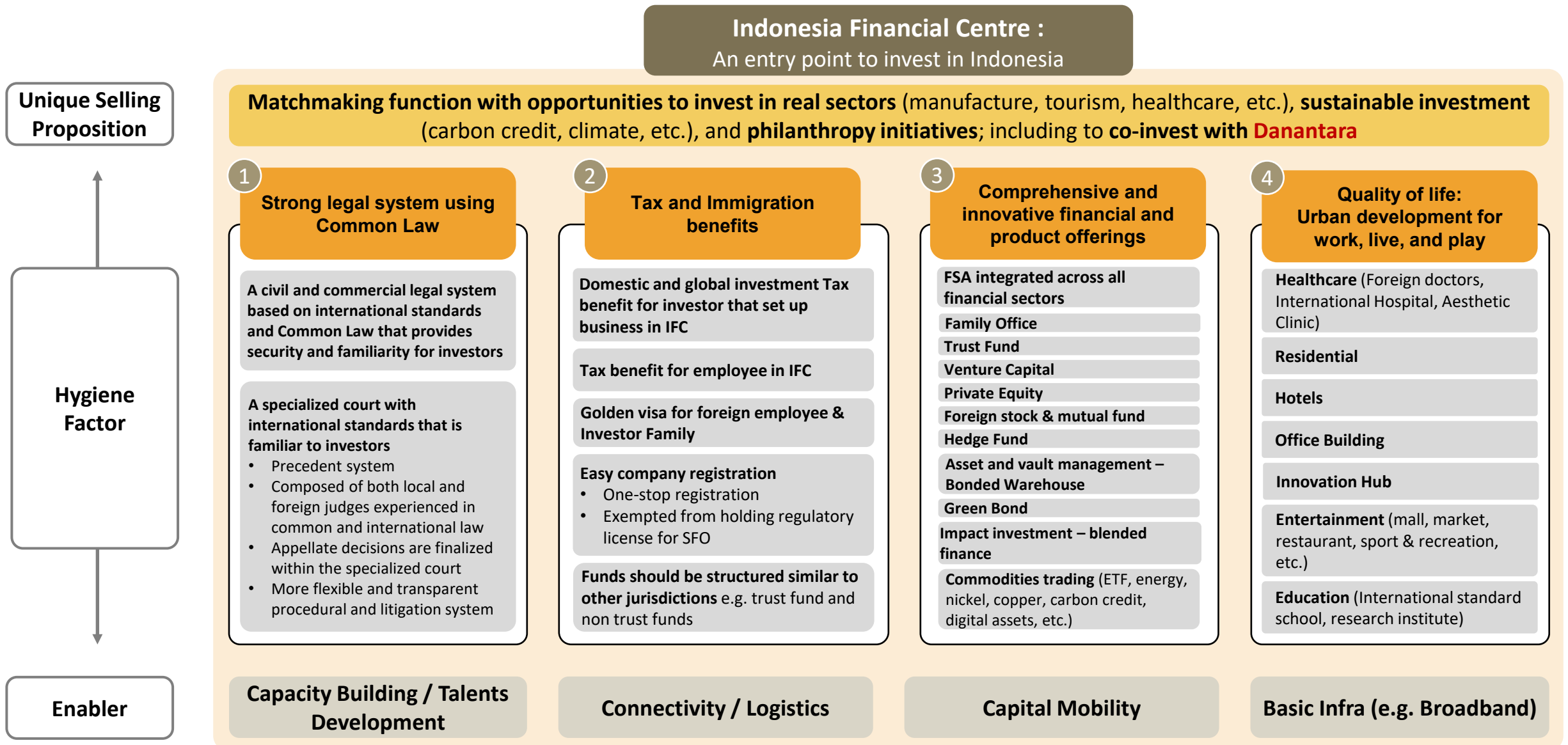
Dubai International
Financial Centre



- **Use common law system**, distinct from UAE domestic law
- **Three independent authorities** for smooth centre governance
- Integrated **live-work-play infrastructure** meeting global standards
- **0% corporate tax for up to 50 years, no capital gains tax**

Indonesia needs a financial hub that is on par with other global financial centers, but with opportunities to invest in the real sector, sustainable ventures, and philanthropic initiatives

Proposal : Establishing a Special Economic Zone – Indonesia Financial Centre as an entry point for investment into Indonesia, with regulations and infrastructure that ensure security and convenience for investors



Administrative bodies other than the Development and Management Entity need to be established to oversee the implementation of the Indonesia Financial Centre

IFC Management Body

Development & Operating Entity (BUPP)

- Land owner
- Develops and manages IFC infrastructure
- Raises investment funds for development
- Subject to IFC Authority regulations

IFC Authority

Sui generis institution with special authority

Infrastructure Management Function

- Ensure alignment and sustainability of infrastructure according to international standards
- Accelerate the development of infrastructure

Commercial and Investment Function

- Promote investment opportunities to attract business actors
- Facilitate matchmaking and strategic partnerships

Registration Function

- Licensing for non-financial business sectors
- Other licenses supporting business operations (immigration, work permits, etc.)

IFC Financial Services Authority

Representative of the Indonesia OJK with special authority

- Regulation and supervision of the financial sector
- Licensing of financial institutions and individuals
- Development and innovation in the financial sector

IFC Special Court

Special Court under the Supreme Court

- Judicial system applying principles of common law (*stare decisis*)
- International judges
- Resolution of disputes related to financial sector in IFC for civil and commercial matters, with final and binding decisions

Business Institutions in IFC

Business in Financial Sector

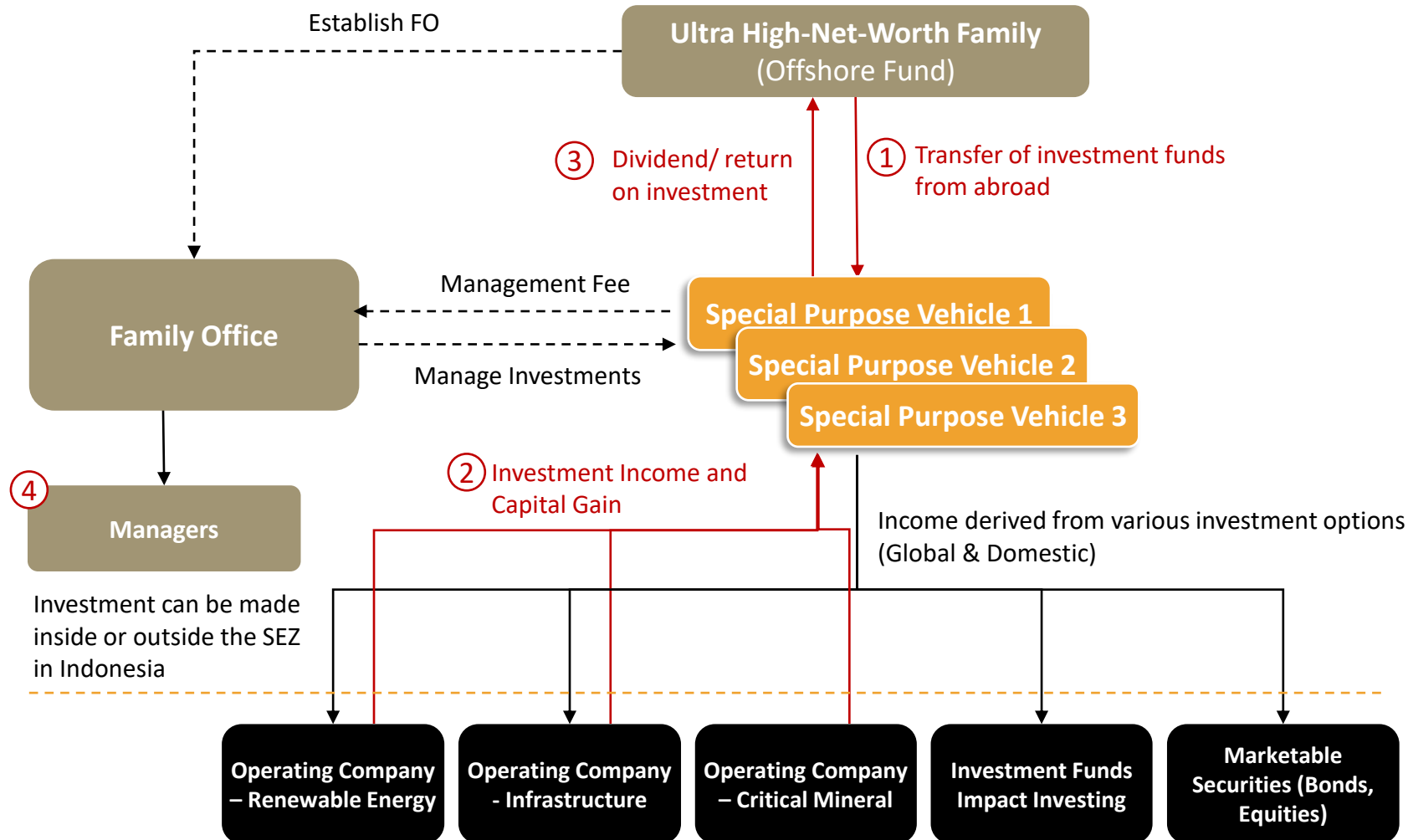
- Family Office
- Banking
- Security Firm
- Investment Manager
- Insurance & Reinsurance
- Pension Fund
- Financing Institution
- Private Equity Company
- Trustee
- Hedge Fund
- Venture Capital Company
- Bullion Bank
- Commodity Exchange
- ...

Business in Non-Financial Sector

- Schools & Universities
- Research Institutions
- Residential Developers
- Office Developers
- Hotels & Resorts
- Restaurants & Cafes
- Luxury Retail
- Recreation
- Hospitals & Clinics
- Law Firms
- Tax Consultants
- Accounting & Audit Firms
- Corporate Entities / SPV
- ...

1

Investment Fund Transaction Structure through a Special Purpose Vehicle in the IFC with a Family Office as Fund Manager

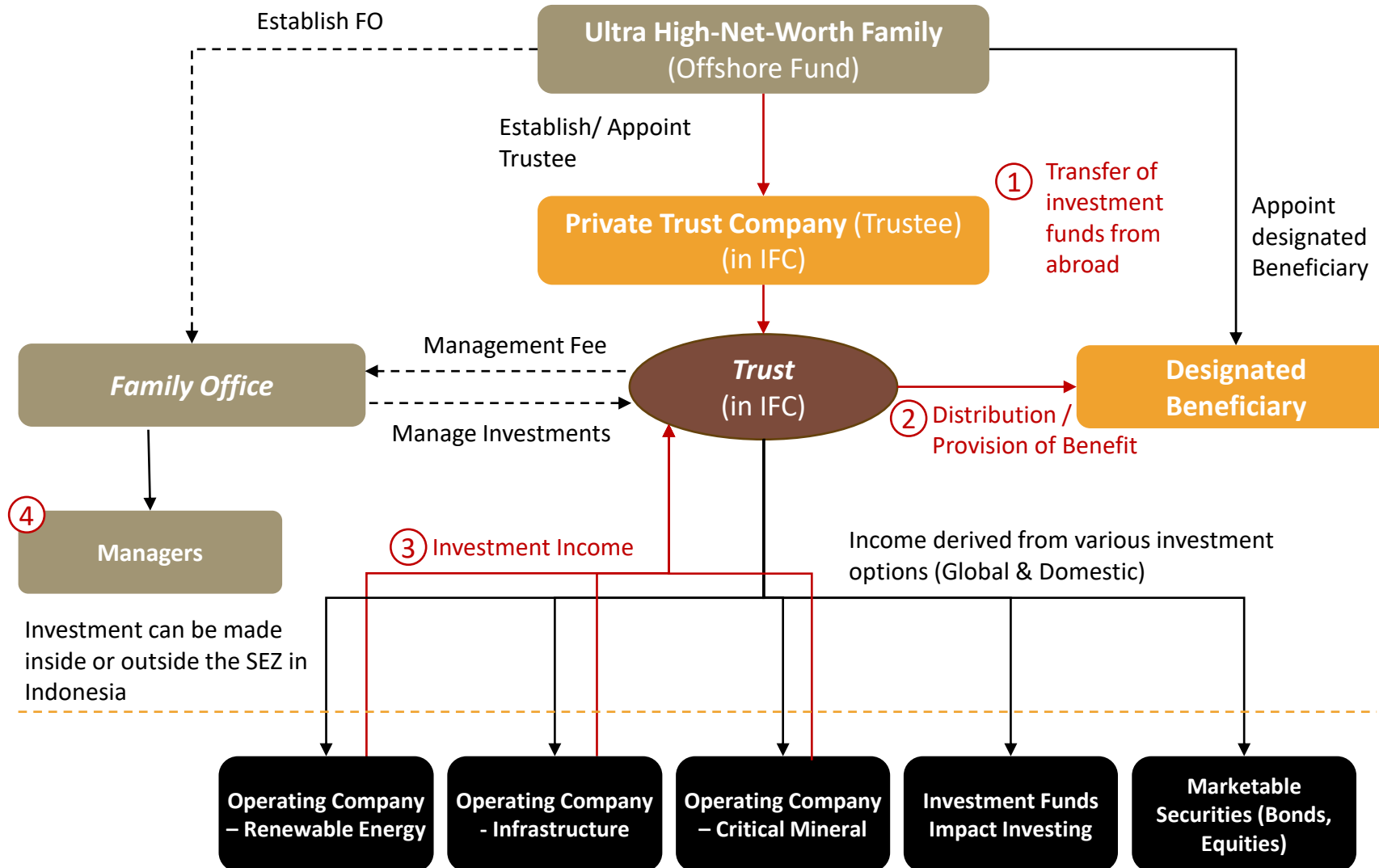


Tax Benefit Proposal

- 1 **Investment funds from abroad** to the IFC is not taxable (we are also exploring tax declaration facility)
- 2 **Investment income/ dividend and capital gain** generated from operating companies are tax exempted
- 3 **Dividend to the shareholders (UHNW)** is not subject to withholding tax
- 4 Foreign investment managers are **only subject to income tax on Indonesia-sourced income**

2

Onshore Trust Fund-Based Transaction Structure in the IFC with a Family Office as Fund Manager

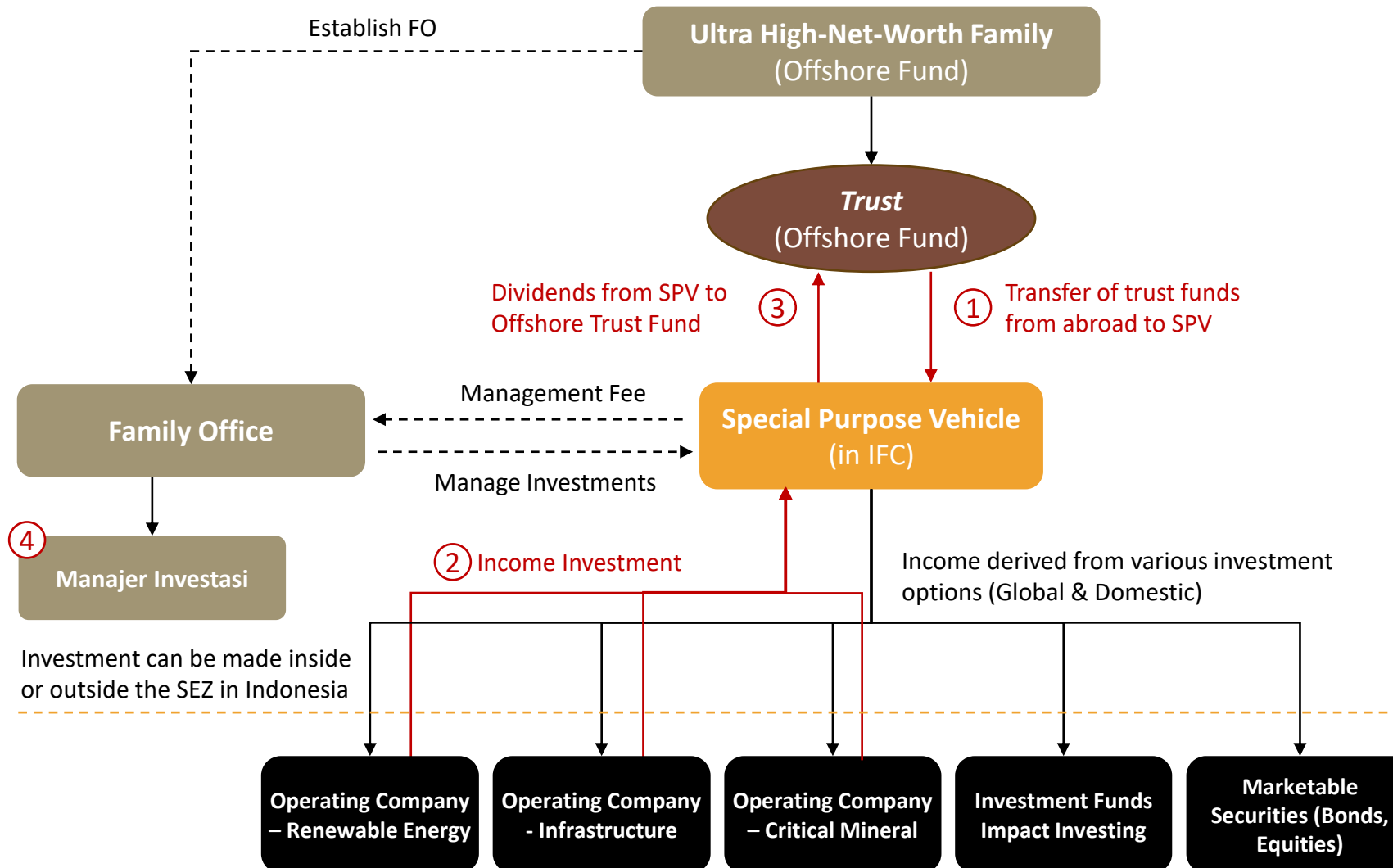


Tax Benefit Proposal

- ① **Funds from abroad to Trust Fund the IFC is not taxable** (we are also exploring tax declaration facility)
- ② **Distribution of benefits to designated beneficiaries is not taxable**
- ③ **Investment income/ dividend generated from operating companies are tax exempted**
- ④ **Foreign investment managers are **only** subject to income tax on Indonesia-sourced income**

3

Transaction Structure Using a Special Purpose Vehicle with Offshore Trust Funds and a Family Office as Fund Manager



Tax Benefit Proposal

- 1** Offshore Trust funds transferred and deposited into the SPV
- 2** Investment income/dividend generated from operating companies are tax exempted
- 3** Dividend to the shareholders (UHNW) is not subject to withholding tax
- 4** Foreign investment managers are **only subject to income tax on Indonesia-sourced income**

Indonesia offers a wide range of investment opportunities, with significant potential for blended financing (1/2)



Transition to Renewable

Resilient and Healthy Community

Sector

Indonesia Advantages

Potential Investment



Renewable Energy

- **Geothermal:** 2nd largest reserve in the world with 357 sites along the Ring of Fire
- **Solar Power:** Average solar radiation 4.8 kWh/m²/day year-round, technical potential ~207.8 GW

- **Green hydrogen initiatives**
- **Geothermal power plants**
- **Solar farm**



Bio-Based Products

- **Seaweed:** production ~9.7 million tons/ year
- **Palm Oil:** 44.1 million tons/ year (57% world production)
- Indonesia already has 1,658 MW biomass + 117 MW biogas capacity, with plans to scale to 5.5 GW by 2025

- **Bioethanol plant**
- **Bio-Stimulant & Biofertilizer**
- **Palm-Based Biodiesel Refinery**



Critical Minerals

- **Nickel:** ~21 million tons (world's largest reserves)
- **Cobalt:** ~139,000 tons
- **Copper:** ~3.1 billion tons of ore; Grasberg is one of the world's largest mines
- **Bauxite:** ~1.2 billion tons
- **Tin:** ~800,000 tons of proven reserves (2nd largest global producer)

- **EV battery manufacturing**
- **Smelters and fabrication plants for renewable energy hardware**



Healthcare/ Longevity

- **Healthcare Workforce:** health worker ratio 54.2 per 10,000 population, above the SDG WHO minimum standard (45.5)
- **Caregivers/Nurses:** 633,000 nurses (2020)
- **Potential Locations for Long-Term Care & Medical Tourism:** Bali (Sanur healthcare), Bandung Cool weather, many rehabilitation centers)

- **Private hospitals**
- **Long-term care and elderly homes**
- **Medical tourism resorts**
- **Rehabilitation and wellness centers**



Waste Management

- **Land-based waste:** ~64 – 68 million ton/ year
- **Sea waste:** ~1.2 million ton/ year
- **Waste Banks:** 17,000 active community units

- **Waste-to-Energy Plants (WtE)**
- **Organic Waste Digestion**
- **Circular Economy Hubs**

Indonesia offers a wide range of investment opportunities, with significant potential for blended financing (2/2)



Nature, Culture, & Community



Biodiversity

- **Coral Reefs:** ~2.5 million hectares (18% of global reefs), ~569 species
- **Marine Fish:** ~8,500 species — among the highest diversity globally
- **Bird Species:** ~1,700 species (the top 5 countries worldwide)
- **Mangroves:** ~3.3 million hectares (largest mangrove area globally)



Art & Culture

- **Rich and diverse cultural heritage**, with over 1,300 ethnic groups and unique local traditions
- **Recognized UNESCO cultural heritage**, such as batik, angklung, and the Wayang puppet theater
- **Vibrant performing arts**, including traditional dance, gamelan music, wayang kulit, etc



Manpower

- **Working-Age Population:** Approx. 215 million people; active workforce approx. 152 million (2024)
- **Competitive Labor Cost:** Indonesia's average minimum wage lower than other countries

Sector

Indonesia Advantages

Potential Investment

- **High Quality Tourism**
- **Coral reef restoration programs**
- **Mangrove conservation and carbon credits**

- **Cultural tourism resorts and heritage sites**
- **Cultural festival and performing arts centers**
- **Museums and cultural preservation projects**

- **Local Talent for Green & Blue Jobs**
- **EV assembly facilities**
- **Eco-Tourism and Community-Based Tourism**

One of the most promising sectors for investment is the development of High-Quality Sustainable Tourism (HQST) in areas with high marine biodiversity

Basic Concept of HQST



Case: Raja Ampat

Tourism Appeal

- Last Paradise on Earth
- **75% of world's bio diversity**
- 97% of Raja Ampat is **conservation area**

Potential Issue

- Insufficient **number of Mooring System** risks to coral reef
- Rising activity levels pose a threat of **pollution and ecological harm**
- Inefficient **waste** management

Government Support

- Master Plan to develop Raja Ampat has been regulated by **Presidential Decree**
- Potential to be developed as a **Special Economic Zone (SEZ)** to receive special incentives.

Tropical seaweed as a green gold offers an opportunity that supports the environment, strengthens coastal communities, and unlocks sustainable commercial value



Blue Carbon

Coastal ecosystems captures blue carbon naturally to be stored in their biomass. This will help fight climate change and impactful alternative to reduce carbon emissions.



Biofuel Development¹

Seaweed-based biofuel offers a sustainable alternative to fossil fuels but needs improved cost efficiency and scalable raw material supply.



Bio-Stimulants

Bio-stimulants reduce reliance on NPK fertilizers, improve soil health, and can boost crop yields by up to 42% compared to conventional methods.



0.8 percent

With only 0.8% of 12 million hectares under utilized, Indonesia's vast aquaculture potential offers room for significant growth in seaweed development.



Reliable

Seaweed farmers benefit from frequent harvests and earn nearly twice as much as rice farmers, contributing significantly to poverty alleviation in coastal communities.



45 Days

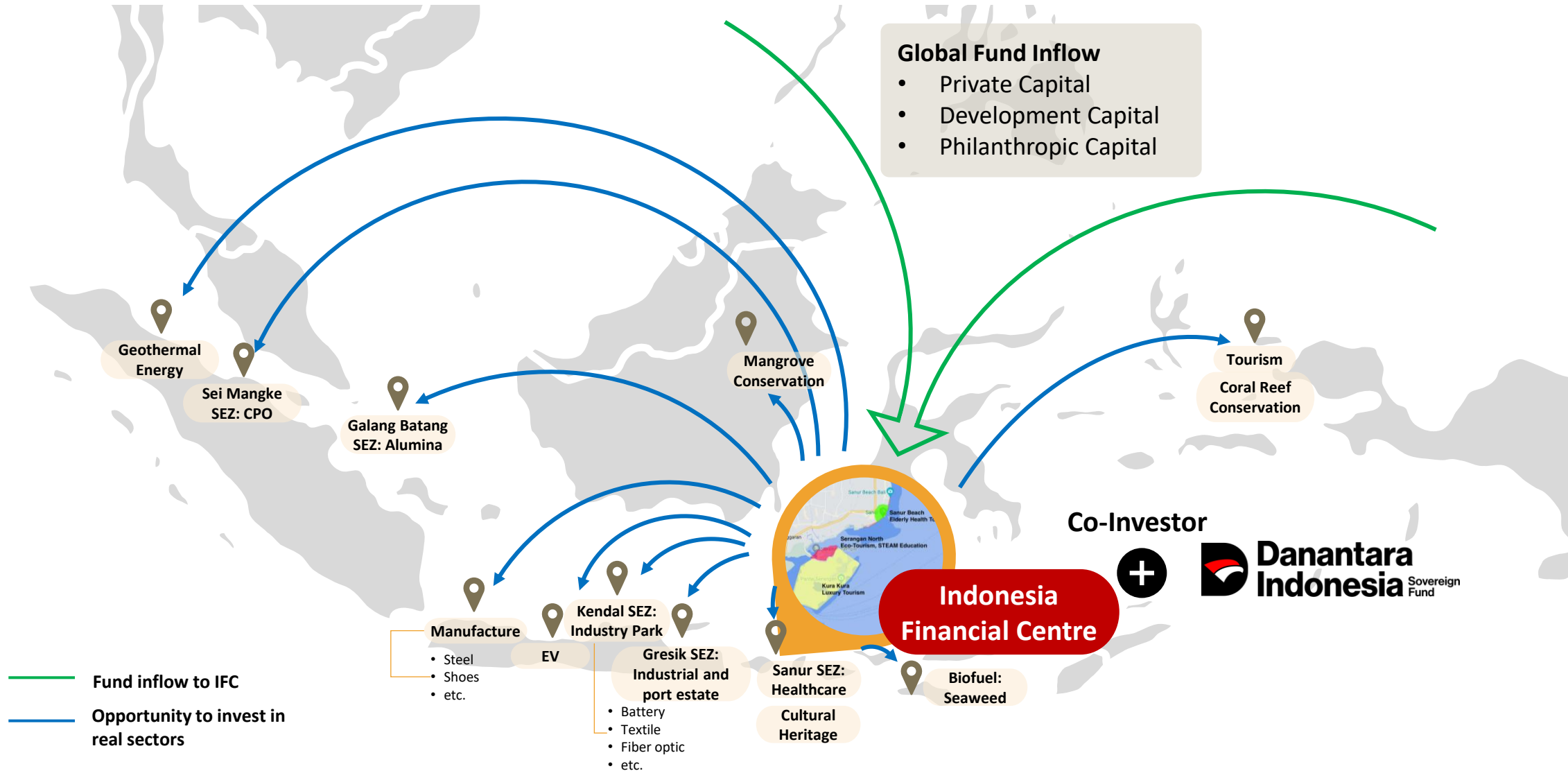
Seaweed can be harvested up to eight times a year, providing steady income for farmers and ensuring consistent use of farming equipment.

- Indonesia has established **International Tropical Seaweed Research Centre (ITSRC)** in Bali in partnership with **Sea 6**
- Indonesia is expanding this Research through Partnership with **UC Berkeley**



At the same time, seaweed farming can alleviate poverty along the shorelines

Various types of investor funds entering through the IFC have the opportunity to be reinvested in the real sector, sustainable investments, and philanthropic initiatives;
Investors can also co-invest with Danantara





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TERIMA KASIH