INCENTIVES

Tax Incentive Feasibility Report

PT Contoh Investasi Energi

Proposed 2027 investment | Prepared for the fictional management team | 3 October 2026

Executive assessment

Exclude the prospective incentive from the committed investment case until eligibility and approval conditions are established. The illustrative benefit has a positive discounted value, but it is not an entitlement or an approved saving.

The fictional project has capital expenditure of IDR 50,000 million. Management models a tax cash benefit of 2,000 million at the end of each of five years, with an 8% annual discount rate and 300 million of upfront application and compliance cost. Sector, investment, ownership and implementation eligibility have not been confirmed.

Priority	Matter requiring a decision	Current evidence position
High	Eligibility facts are incomplete	Open for professional review
High	Approval is assumed in the forecast	Open for professional review
Medium	Continuing conditions have no owner	Open for professional review

This is a worked sample, not an issued client opinion. All companies, transactions, evidence records and calculations are fictional. The recommended actions demonstrate professional delivery; they do not establish a tax liability, filing eligibility, benchmark or regulatory approval.

Scope and analytical method

Purpose and intended use

The purpose is to help the fictional management team understand the evidence, the decision still required and the work needed to complete a defensible deliverable. The report is intended for internal discussion with the responsible Falcon professional. It is not a filing, an audit opinion or a guarantee of an authority outcome.

Work performed in the illustrative case

- Investment and activity eligibility
- Approval process and documentation
- Benefit modelling and sensitivity
- Continuing conditions and monitoring

Establish the precise incentive requested, the taxpayer and project facts, and the current legal and administrative basis. Separate application, approval and continuing compliance requirements. Evaluate a no-incentive base case and an explicitly conditional benefit case; do not use a generic savings assumption as proof of eligibility.

Evidence population

Ref	Illustrative record	Role in the analysis
E01	Investment cash flow and cost model	Starting population and primary bridge
E02	Activity and qualifying project fact pack	Classification and factual support
E03	Application and approval status record	Exception or corroboration testing
E04	Continuing conditions responsibility register	Decision history and completion support

The references are report-local training identifiers. They are not verified originals, app record IDs or hashes. No real client files were inspected. A live engagement must preserve the actual originals, their versions and the reviewer's assessment of each material claim. The descriptions above define the evidence that the case assumes or explicitly identifies as missing.

Coverage and limitations

Only the stated sample scope is covered. The report does not infer completeness of other entities, years, transactions or tax types. Where the record is incomplete, the analysis identifies the limitation rather than treating management's explanation as verified evidence. Any estimate remains subject to factual validation, current legal applicability and independent review.

Detailed findings and professional response

Priority is a qualitative judgement about the importance of resolving an issue before delivery. High means that the matter could change a material conclusion or prevent completion. Medium means that a control or corroboration improvement is required. These labels are not a probability of assessment or a calculated tax exposure.

Finding 1 Eligibility facts are incomplete

High priority. E02 describes the project commercially but lacks verified activity classification and qualifying investment analysis.

Professional implication. The model could value a benefit unavailable to the project.

Recommended response. Review the actual scheme, sector, investment and taxpayer conditions before changing the committed case.

Finding 2 Approval is assumed in the forecast

High priority. E01 includes benefit receipts despite E03 having no approval or application record.

Professional implication. The investment decision may rely on an unearned fiscal benefit.

Recommended response. Maintain a base case excluding benefits and a conditional case with transparent assumptions.

Finding 3 Continuing conditions have no owner

Medium priority. E04 does not assign responsibility for required monitoring and reports.

Professional implication. Even a granted incentive may create continuing compliance and possible recapture questions.

Recommended response. Create a condition register, reporting calendar and escalation process after legal verification.

Counteranalysis and judgement

An incomplete record is not proof that the taxpayer's position is wrong. Equally, an invoice, signed agreement or plausible narrative does not establish every factual or legal element. The reviewer should test alternative explanations and record what evidence would change the assessment. Preserve both supportive and adverse material so that the final conclusion remains balanced.

Financial analysis and decision alternatives

The schedule below makes the numerical reasoning reproducible. All inputs are fictional. The calculation basis states whether a value comes from the assumed record, a formula or an explicit scenario parameter. Figures should not be copied into a live return or used as a benchmark.

Measure	Illustrative result	Calculation basis
Capital expenditure	50,000	E01
Annual conditional benefit	2,000	Model assumption
Nominal five-year benefit	10,000	2,000 multiplied by 5
Present value of benefits	7,985.42	Year-end cash flows discounted at assumed 8%
Upfront compliance cost	300	E01
Net conditional benefit value	7,685.42	7,985.42 minus 300

Amounts are IDR million. Present value is the sum of 2,000 divided by 1.08 to powers one through five. The discount rate and benefit are management assumptions, not statutory rates or an incentive ruling. The model excludes the project's operating cash flows, recapture, tax interactions and any global minimum tax consequences; it is not a complete project valuation.

Alternatives for management discussion

Alternative	Practical rationale	Condition before adoption
No-incentive base case	Avoids dependence on unapproved relief	May understate a later verified benefit
Conditional incentive case	Makes potential value visible	Requires evidence and approval assumptions
Stage the application work	Limits initial spending	Must be compatible with actual scheme timing

Management should compare the alternatives using verified facts, operational feasibility and the applicable legal analysis. A more favourable numerical scenario is not evidence that its assumptions are valid. The report therefore recommends completing the unresolved work before selecting a final tax position or an external action.

Recommendations and delivery plan

The following sequence is an illustrative internal work plan measured from engagement kick-off. It is not a statutory timetable. Any external response or filing date must be verified separately and may require faster escalation. The engagement partner remains responsible for the scope and resources agreed with the client.

Work step	Responsible role	Indicative timing	Completion evidence
Confirm scope and procedural facts	Engagement lead	Days 1 to 2	Approved scope and verified external date where relevant
Resolve finding 1	Client finance and Falcon adviser	Days 2 to 5	Original evidence and documented resolution or scope limitation
Resolve finding 2	Technical workstream lead	Days 3 to 7	Originals and approved technical treatment
Resolve finding 3	Client owner and Falcon adviser	Days 3 to 8	Reviewed action and completion evidence
Review analysis and computations	Independent Falcon partner	After evidence closure	Documented challenge and approved current version
Authorise delivery and preserve receipts	Engagement lead and client signatory	After professional approval	Final report version and any external acknowledgement

Escalation and change control

Escalate immediately if an actual external date is near, an original contradicts the working facts, the legal framework changes, or the proposed action exceeds the authorised scope. New evidence can change the recommendation. Update the affected calculations, issue analysis and report version, and obtain fresh independent review where the conclusion has changed.

Client communication

Tell the client what is established, what remains uncertain and what they must supply or decide. Explain how missing evidence limits the deliverable. Obtain approval of the final audience and language. Preserve the distinction between internal review, client delivery and authority acceptance.

Technical references and completion record

The official references below were located on 3 October 2026. They are starting points for a real technical review, not a representation that every operative article, amendment, treaty or transitional provision has been checked. No quoted legal passage or current statutory rate is relied on to decide this fictional case.

Indonesian tax administration

PMK 81 of 2024 and amendment history - The JDIH page lists amendment history including PMK 1 of 2026. Retrieve applicable originals and check all later amendments before use.

Open official reference

Indonesian global minimum tax framework

PMK 136 of 2024 - Review current applicability, computation, transition, later changes and relevant international guidance for the actual period.

Open official reference

Required legal applicability record

For each material position, retain the original provision and exact article, authority and version, effective dates, relevant amendments and the reason it applies to the client's facts and period. Record competing interpretations and the specialist's conclusion. Official service pages and OECD guidance have different authority from domestic legislation and treaty text.

Independent completion checks

- The client identity, period and authorised scope match the actual engagement.
- Every material statement is traceable to the original record and preserves any contradiction.
- The calculations are independently reperformed and assumptions are distinguished from legal rules.
- The applicable law and source history support the conclusion for the actual period.
- A different qualified Falcon reviewer records the judgement and material limitations.
- The client authorises the intended delivery and any separate external submission is evidenced.

Sample status: not approved for client issue. No preparer, reviewer or client signature is simulated. Replace the fictional dataset and complete the real engagement review before using this document as a delivery model.