

Letter from the Editor

Today marks the end of the first phase of the government's tax-amnesty program. As of now, tax-amnesty applicants will have to engage in the second phase of the program and will be required to pay higher ransom fees amounting to 3% of any undisclosed assets (for assets that will be repatriated) or 6% of any undisclosed assets (for assets that will not be repatriated). Public confidence in the program seems to be running high and the total amount of ransoms which were paid in September reached IDR 80.594 trillion, which represents a huge 26-fold increase over the collected ransom total for August, which amounted to only IDR 3.027 trillion. In spite of the success of the tax-amnesty program's first period though, the government is insistent that there will be no extension period regarding the 2% ransom-fee tariff. Henceforth, any future tax-amnesty applicants will now have until the end of this year to enjoy either the 3% or 6% ransom-fee tariff, before the third phase of the program gets underway on 1 January 2017.

The relative success of the tax-amnesty program stands in stark contrast to the stagnation that has prevailed within the oil-and-gas sector for the last six years. A number of industries have reduced some of their high-cost activities during this period, while others have chosen to gamble by engaging in new explorations. Any hope for this sector now rests firmly on the shoulders of the government, which is currently deliberating an amendment to Government Regulation [No. 79 of 2010](#) on Recoverable Operational Costs and the Handling of Income Tax for the Upstream Oil-and-Gas Business Sectors. The [amendment is expected to set out](#) a new scheme of fiscal and non-fiscal incentives for oil and gas companies, as well as mandate that liabilities and profits should be shared equally between the government and the companies which are working in these vital sectors.

Another much-awaited regulation which is expected to be issued in near future will amend Government Regulation [No. 44 of 2005](#) on Procedures for Injecting and Administrating State Capital at State-Owned Enterprises. Through this amendment, the government will establish several new State-Owned Enterprises (BUMN), which will serve as holding companies for existing BUMNs working in oil-and-gas, food, logistics, finance, mining and infrastructure. As a pilot project, the government has decided to establish a holding BUMN within the oil-and-gas sector.

Several noteworthy regulations were also issued in September. In the consumer-goods sector, the Head of the National Food and Drug Supervisory Agency (BPOM) issued a number of regulations relating to the registration of food and drugs. In the financial sector, Bank Indonesia relaxed the prevailing Loan-to-Value and Finance-to-Value ratios for property and motor-vehicle ownership by the public through the issuance of BI Regulation [No.18/16/PBI/2016](#). Furthermore, BI also has relaxed the various requirements that have to be met by any banks which are looking to involve themselves within the e-money sector, and this strategy will hopefully help the government to achieve its financial inclusivity objectives.

In order to keep our subscribers abreast of the most recent legal development across Indonesia, this edition of Monthly Law Review encompasses 76 regulations, which we have classified into Trade,

Manufacturing and Industry, Energy and Mineral Resources, General Corporate, Consumer and Retail, Financial Service, Tax as well as a number of other sectors which we have grouped under the Miscellaneous banner.

Trade

1. Head of Futures Trading Supervisory Agency (Bappebti) Regulation [No. 3 of 2016](#) on the Determination of the List of Exchange-Market and Foreign-Futures Contracts for the Purpose of Channeling Customer Requests into the Foreign-Exchange Market

Enforcement date: 29 August 2016

Summary:

- Sets out a list of permitted foreign-exchange markets and futures contracts for commodity-market organizers who are involved in futures contracts, sharia-derivative contracts and/or other types of derivative contracts, including: 1) Chicago Mercantile Exchange/CME (for commodities in the form of corn, soybeans, natural gas, copper, etc.); 2) CME Globex (for commodities in the form of the Australian Dollar, Japanese Yen, etc.); 3) CBOT - CME Group; 4) COMEX - CME Group; and so forth.
2. Director General of Customs and Excise Regulation [No. PER - 28/BC/2016](#) on the Amendment to Director General Regulation [No. P-23/BC/2009](#) on Customs Notification for the Importation of Goods from Other Locations Within a Customs Area to the Director General of a Customs-and-Excise Controlled Area

Enforcement date: 1 August 2016

Summary:

- Notifications relating to the import of goods from other locations within a given customs area which are sent to the Director General of a Customs-and-Excise Controlled Area ("Notification") should contain: 1) Notification outlining the import of any goods from another location in Indonesia to a bonded area; and 2) Notification outlining the export of any goods from a bonded area to another location in Indonesia.
 - Repeals the previous Appendix I and Appendix II and replaces them with new Appendices relating to formatting and guidance for the provision of any of the above notifications.
 - The previous Appendices remain in force if any such notification was registered by 31 July 2016 at the latest.
3. Director General of Customs and Excise Regulation [No. PER-27/BC/2016](#) on Procedures for the Import of Goods from Other Locations Within a Customs Area to a Bonded Storage Area and Procedures for the Export of Goods Which Have Been Imported from Another Location Within a Customs Area to a Bonded Storage Area

Enforcement date: 30 July 2016

Summary:

- Companies operating in bonded storage areas (*tempat penimbunan berikat* - "TPB") and TPB organizers (collectively referred to as "TPB Companies") are required to provide notification to the customs service office using form BC 4.0 before importing goods from another location within a given customs area.
 - For the export of goods from TPBs to other locations across Indonesia, TPB Companies are required to provide notification to the customs service office using form BC 4.1.
 - Upon the completion of the processing of any BC 4.0 or BC 4.1 forms, the SKP will issue an approval of document settlement to the relevant TPB Companies. If necessary, the TPB Companies in question may then amend or even cancel the submission of the BC 4.0 or the BC 4.1.
4. Director General of Customs and Excise Regulation [No. PER-26/BC/2016](#) on Procedures for the Export of Goods from Bonded Storage Areas to Other Bonded Storage Areas

Enforcement date: 30 July 201

Summary:

- Companies located in bonded storage areas (*tempat penimbunan berikat* - "TPB") and TPB organizers (collectively referred to as "TPB Companies") are required to submit notifications to the customs service office using form BC 2.7.
 - Upon submission, the computer system responsible for the provision of service and supervision at the customs service office (*Sistem Komputer Pelayanan* - "SKP") will determine whether or not any further physical examination will be required. The SKP will then subsequently issue approval for the export of the goods in question.
5. Minister of Trade Regulation [No. 59/M-DAG/PER/8/2016](#) on Export and Import Provisions for Animal Products

Enforcement Date: 16 August 2016

Summary:

- Sets out a list of animal commodities which are subject to export limitations (as detailed in Appendix I) and import limitations (as detailed in Appendices II and III).
- Animal Commodities can only be exported if domestic need for animal hatchlings (*benih*), fledglings (*bibit*) and infants (*bakalan*) have already been satisfied, and if the sustainability of local livestock has been guaranteed. Imports of any animal commodities can only be carried out for certain specific purposes, including for the improvement of genetic variety and quality, as well as to make up for a lack of hatchlings, fledglings and infants within Indonesia, and so forth.
- In order to export animal commodities, businesses must first secure approval from the Ministry by filing an online application and attaching the necessary supporting documents (*i.e.* Trade Business License/SIUP or similar licenses; Company Registration Number/TDP; *etc.*) to the Implementing Coordinator for Integrated Service Unit I (UPTP I) at the Ministry.

- For more information, see ILB [No. 2965](#).

6. Minister of Trade Regulation [No. 54/M-DAG/PER/7/2016](#) on Quality Control for Traded Rubber Materials

Enforcement Date: 10 August 2017

Summary:

- All processed rubber materials (Materials) which will be traded with the crumb rubber industry in order to produce Standard Indonesian Rubber (SIR) must satisfy the following technical requirements: 1) Must not contain any vulcanized rubber contaminants or heavy contaminants, and must not contain any light contaminants amounting to more than five percent of the total weight; and 2) Must be able to coagulate either naturally or with the help of coagulating materials.
- Any material intended to be used for the production of SIR can only be traded by: 1) Businesses or informal traders who have already secured a Traded Rubber Materials for SIR Registered Trader Letter; and/or 2) Traded rubber material marketing and manufacturing units (UPPB) who have already secured a UPPB Registration Letter (STR-UPPB).

7. Directorate General of Customs and Excise Regulation [No. PER-23/BC/2016](#) on Procedures for the Granting of Import Duty and/or Excise Exemptions and the Settlement of Custom Obligations for the Import of Goods Belonging to the Representatives and Officials of Foreign Countries Living in Indonesia

Enforcement date: 16 June 2016

Summary:

- Exempts various goods from import duty and/or excise (*i.e.* motor vehicles and non-motor vehicles) which are being imported by the representatives and officials of foreign countries ("Representative") for the following purposes: 1) Construction, expansion and/or renovation of the Representative's building(s); 2) Use by the Representative's office; 3) Personal use (including for relocation purposes); or 4) Official visits by heads of state/governments, ministers or ministry-level officials.
- In order to secure such an exemption, the Head of the Representative must first obtain approval from the Ministry of Foreign Affairs by submitting an application via the Director General of Customs, enclosing: 1) Documents outlining the value of the imported goods in question (*e.g.* invoice); 2) The specifications of the motor vehicle(s); 3) The identity of the Representative's official, as the end user of the goods; 4) The identity of the head of the Representative which is applying; and 5) Temporary diplomat credentials (*charge d'affaires*), if the application is being submitted by an ad-interim ambassador.
- Imported motor vehicles which are no-longer in use by a Representative must be re-exported, transferred or destroyed.

Manufacturing and Industry

8. Minister of Industry Regulation [No. 67/M-IND/PER/8/2016](#) on Guidelines for the Issuance of Technical Recommendations, Recommendations, Statement Letters and Registration Certificates via the Electronic System at the Ministry of Industry

Issuance date: 18 August 2016

Summary:

- Any technical recommendations, recommendations, statement letters and registration certificates which fall under the authority of the Ministry and which cover certain products and/or activities, as listed in Appendix I to the Regulation, will now be issued via the National Industrial Information System (“SIINas”), an electronic system which can be found at <http://siinas.kemenperin.go.id>.
 - In order to secure any such documents, applicants must first sign up for SIINas accounts by submitting their requests via the e-Service module at a SIINas portal. Any such request should include the applicant’s data and relevant supporting documents should also be uploaded.
 - All such requests will be processed as follows: 1) The Public-Service Unit at the Ministry (“UP2”) will verify the application and issue receipts for all completed applications; 2) The Director General for Industrial Development will then verify any completed applications and request clarification from any applicants (if this is deemed necessary); 3) The Director General will only issue the requested documents to applicants who provide complete and accurate applications.
9. Director General of Customs and Excise Regulation [No. PER - 36/BC/2016](#) on the Submission of Finished Excisable Goods

Enforcement date: 16 August 2016

Summary:

- Producers/manufacturers of ethyl-alcohol products, alcoholic beverages and tobacco products must provide notification relating to their finished excisable goods on a regular basis to the head of the excise office (“Notification”) in either hardcopy format or via the online SAC - S system.
 - Any such notifications relating to ethyl-alcohol products and alcoholic beverages must be submitted on the business day immediately after the one on which the goods in question were produced. Notifications relating to tobacco products must be submitted on the third day of every month (if such products were produced between the 15th and the final date of the previous month) or on the 17th day of the month (if such products were produced between the first and the 14th day of the same month).
 - Producers and manufacturers may amend any information contained in a Notification, provided that: 1) It is submitted before the ethyl alcohol and alcoholic beverages are counted; and 2) It is submitted before the reporting period for tobacco products has commenced.
10. Minister of Trade Regulation [No. 53/M-DAG/PER/7/2016](#) on Licenses for the Production of Measuring, Peck and Weigher Tools and Related Equipment in Indonesia

Enforcement Date: 2 October 2016

Summary:

- Obliges domestic producers of measuring, peck and weigher tools and related equipment (together referred to as UTTP) to secure a UTTP Manufacturing License (UTTP License) from the Ministry of Trade.
- Applications for UTTP Licenses are to be submitted to the Director of Metrology (Director) at the Ministry and should enclose the following documents: 1) Administrative documents (e.g. copy of a company's deed of incorporation, copy of an industrial business license or similar documents, copy of a company registration number); and 2) UTTP examination-results reports in the form of either an Examination Statement Letter (SKHP) issued by the Metrology Technical Service Office (UPT) or a Product Certificate for the Indonesian National Standard (SPPT SNI).
- A UPPT Manufacturing License is valid for five years and can be extended if the business in question is still producing UTTP.

11. Minister of Industry Regulation [No. 65/M-IND/PER/7/2016](#) on Procedures for the Provision and Calculation of Domestic Component Levels in Cellular Phones, Handheld Devices and Computer Products

Enforcement Date: 27 July 2016

Summary:

- The calculation of domestic-component levels (TKDN) in cellular phones, handheld devices and computer products (Gadget) should break down as follows: 1) 70% for manufacturing (comprising of materials, manpower and production machines); 2) 20% for development (comprising of licensing, ownership of intellectual property rights, firmware, etc.); and 3) 10% for applications (comprising of application requirements, design, programming, etc.)
- In order to calculate the TKDN of a particular Gadget, its producer/manufacture must file an application with the Director General of Minerals, Machinery, Transportation Vehicles and Electronic Industry Management (Director General) via the Public Service Unit (UP2) at the Ministry of Industry (Ministry). All applications must enclose a company profile as well as a description of the company's organizational structure, a document specifying a product's photo/image and functions, a product-development plan and so forth.
- For more information, see ILB [No. 2960](#).

12. Head of the National Agency of Drugs and Foods Control (BPOM) Regulation [No. 20 of 2016](#) on the Amendment to Head of BPOM Regulation [No. 32 of 2013](#) on the Requirements and Procedures for the Obtaining of Supervision Analysis Reports for the Import and Export of Narcotics, Psychotropics and Pharmaceutical Precursors

Enforcement date: 4 August 2016

Summary:

- Accelerates the verification process for any supporting documents which are submitted by importers/exporters who are looking to secure Supervision Analysis Reports (*Analisa Hasil Pengawasan/AHP*) from the Director for the Supervision of Narcotics, Psychotropics and Addictive Substances from four days to three days from the time that any such documents are received.
- The Head of the BPOM must now render either approval or rejection regarding the issuance of AHP to importers/exporters within one day of completing the verification process. Previously, such decisions had to be rendered within four days.

13. Head of BPOM Regulation [No. 19 of 2016](#) on the Amendment to Head of National Agency of Drug and Food Control Regulation [No. HK.03.1.23.03.12.1563 of 2012](#) on Guidelines for Food Safety Assessment for Genetically Engineered Products

Enforcement date: 4 August 2016

Summary:

- Exempts processing aids for genetically engineered products (GEP) which do not contain Deoxyribo Nucleic Acid (DNA) GEP and/or GEP protein from mandatory food safety assessment at the Indonesian Biosafety Clearing House.
- Sets out various procedures and required documents for assessments of whether or not GEP processing aids contain DNA GEP and/or GEP protein, and covers: lists of the specifications of a given processing aid, the production process for any processing aid, gene sources (train, plasmid), and so forth.
- Requires holders of GEP distribution permits issued by the Head of the BPOM to provide the following documents: 1) Documents describing their validated detection method; 2) Primary sequence information; 3) Certified reference material (if any); and 4) Sample of the GEP (which must be presented within six months of any distribution permit being secured).

14. Head of BPOM Regulation [No. 16 of 2016](#) on Microbiology Criteria for Processed Foods

Enforcement date: 4 August 2016

Summary:

- Sets maximum levels for several microbiological substances (*e.g.* ALT, Enterobacteriaceae, Salmonella, *etc.*), which are allowed to be present in processed foods (*e.g.* milk or milk-based foods, fats and oils, fruits and vegetables, cereals and peanuts, bakery products, meat and meat-based products, fish and fish-based products, snacks, *etc.*)
- Sets out applicable analysis standards for the verification of the amount of microbiological substances in foods (*e.g.* ISO 6579:2002; SNI 2897:2008 for the analysis of salmonella in pasteurized milk, ISO 16649-2:2001 for the analysis of Escherichia coli in meat products, *etc.*)
- These maximum microbiological-substance thresholds and analysis methods do not apply to sterilized foods.

- Producers, importers and distributors of already existing processed foods must comply with the regulation within 12 months of the regulation coming into force.

Energy and Natural Resources

15. Presidential Directive [No. 7 of 2016](#) on Accelerating the Development of the National Fisheries Industry

Enforcement Date: 22 August 2016

Summary:

- Sets out general and specific directives which must be implemented by various ministries, government institutions, governors, mayors and regents in relation with their respective authorities in order to accelerate the development of the national fisheries industry, including: 1) Increasing the productivity of fishing, fish farming and fisheries processing industries; 2) Improving fisheries logistics and distribution, as well as strengthening competitiveness; 3) Providing relevant support facilities and infrastructure for the national fisheries industry; and so forth.

16. Minister of Finance Regulation [No. 130/PMK.08/2016](#) on Procedures for the Granting of Government Guarantees for the Acceleration of the Development of Electrical Infrastructure

Enforcement Date: 24 August 2016

Summary:

- Sets two types of government guarantee for the acceleration of electrical infrastructure development, namely: 1) Loan guarantees which are granted to the State Electricity Company (PLN) under a self-management scheme; 2) Business Feasibility Guarantees which are granted to PLN via cooperation schemes with various electricity provider businesses (BUPTL).
- Loan guarantees are granted to creditors based on loan agreements which are held between creditors and PLN. Any such loans can only be used in order to fund electricity projects, as listed in Presidential Regulation No. 4 of 2016 and Presidential Regulation No. 4 of 2010. Loan guarantees cover all of PLN's liabilities (full guarantee).
- Business Feasibility Guarantees are granted to BUPTL in the form of: 1) Mandatory payments to BUPTL for electricity purchases made by PLN; or 2) Mandatory non-purchasing payments to BUPTL made by PLN. Such guarantees can only be granted to geothermal or non-geothermal power plants, as listed in Presidential Regulation No. 4 of 2016 and Presidential Regulation No. 4 of 2010.

17. Minister of Environment and Forestry Regulation [No. P.65/Menlhk/Setjen/Kum.1/7/2016](#) on Competency Standards and Certification for the Drafters of Environment Impact-Analysis Documents

Enforcement date: 29 July 2016

Summary:

- AMDAL drafters are required to secure competency certificates by undertaking training courses which are organized by: 1) Professional certification institutions which have already secured licenses from the National Professional Certification Agency and which have registered with the Ministry of Environment and Forestry; or 2) The Technical Committee for Competency Testing, which was established by the National Professional Certification Agency.
 - In order to undergo competency certification, AMDAL drafters must hold the following qualifications: 1) Undergraduate degree; 2) Must have experience of the AMDAL drafting process and/or have undergone past training relating to AMDAL drafting (for members of AMDAL drafting teams) or have had experience as a member of an AMDAL drafting team on at least five occasions (for heads of AMDAL drafting teams); 3) Must be fluent in the Indonesian language; and 4) Must meet the various competency requirements which are specified in the Appendix to the Regulation.
 - Competency certificates are valid for three years and may be extended.
18. Minister of Environment and Forestry Regulation [No. P.63/Menlhk/Setjen/Kum.1/7/2016](#) on Requirements and Procedures for the Storage of Hazardous and Toxic Waste at Final Disposal Facilities
- Enforcement date: 4 August 2016
- Summary:
- Any B3 waste-storage activity must comply with certain requirements relating to: 1) The final disposal facility in question, which must meet a number of general requirements (*i.e.* relating to design, coating systems, supporting equipment and disposal planning); and also meet various coating-system requirements (which can be different for each type of disposal facility - *i.e.* storage facility type I, II or III); 2) The location of any disposal facility (*e.g.* must be located in an area which is free from floods, geologically stable, *etc.*).
 - In order to be stored, B3 waste must also meet certain requirements relating to: 1) The total concentration of pollutants; 2) The toxicity characteristics of any leaching procedures; 3) Radioactive-contamination levels; 4) Paint filters; 5) The characteristics, organic content and form of the B3 waste in question; and 6) Compressive strength.
 - The disposal of B3 waste comprises of the following activities: 1) Storage of the waste; 2) Management of any leachate water (*air lindi*) which is generated during storage activities; 3) Examination of B3 waste-storage supporting facilities and infrastructure; 4) Maintenance of B3 waste-processing facilities and infrastructure at the final disposal location; and 5) Environmental-monitoring activities.
19. Minister of Environment and Forestry Regulation [No. P.61/Menlhk/Setjen/Kum.1/7/2016](#) on the Revocation of Ministry Regulation [No. P.65/MENHUT-II/2013](#) on Forestry-Policy Advisors for the Issuance of Borrow-to-Use Permits for Mining-Production Activity
- Enforcement date: 29 July 2016

Summary:

- Repeals Ministry Regulation [No. P.65/MENHUT-II/2013](#) on Forestry-Policy Advisors for the Issuance of Borrow-to-Use Permits for Mining-Production Activity
- Any valid agreements which were signed by Forestry Policy Advisors and holders of Borrow-to-Use Permits for Mining Production Activity during the enforcement period of the above-mentioned Regulation will remain valid until their expiry dates, while any such agreements which have already expired may not be extended.

20. Minister of Environment and Forestry Regulation [No. P.58/MENLHK/SETJEN/KUM.1/7/2016](#) on the Amendment to Ministry Regulation [No. P. 42/MENLHK-SETJEN/2015](#) on the Management of Timber Forest Products Gathered from Plantation Forests Located in Areas of Production Forest

Enforcement date: 22 July 2016

Summary:

- No longer requires businesses to utilize the Timber Forest Product Management Information System (*Sistem Informasi Penatausahaan Hasil Hutan - "SIPUHH"*) when applying or determining any of the following: 1) Places from which raw timber can be collected; 2) Timber storehouses; 3) Log ponds or log yards for the storage of registered logs; 4) Places from which processed registered timber can be collected.
- The export of processed timber now requires a Certificate of Timber Forest Product Legality (*Surat Keterangan Sahnya Hasil Hutan Kayu - "SKSHHK"*), instead of a freight invoice for processed timber (*Faktur Angkutan kayu Olahan - "FA-KO"*).
- The parties which have access to the SIPUHH are now limited to: 1) The SIPUHH administrator; 2) Operators at the Directorate General of Production Forest Management, provincial forestry agencies, and the Technical Office for Forestry at the aforementioned Directorate General; and 3) Operators working for IUPHHK holders, as described above.

21. Minister of Environment and Forestry Regulation [No. P.54/MenLHK/Setjen/Kum.1/6/2016](#) on Procedures for the Granting and Extension of Timber Forest Product Utilization Licenses or Non-Timber Forest Product Utilization Licenses for Areas of State Forest

Enforcement date: 15 July 2016

Summary:

- Sets out the requirements and procedures for individuals or cooperatives who are looking to secure or extend the following licenses: 1) Timber Forest Product Utilization (*Izin Pemanfaatan Hasil Hutan Kayu - "IPHHK"*) for areas of production forest; 2) Non-Timber Forest Product Utilization (*Izin Pemanfaatan Hasil Hutan Bukan Kayu - "IPHHBK"*) for Nature and IPHHBK for production forest; 3) IPHHBK for the Protection Forest.
- The procedure for the securing of any of the above-mentioned licenses is as follows: 1) The applicant submits an application to the relevant governor via a provincial One-Stop Integrated

Investment Agency (*Badan Penanaman Modal dan Pelayanan Terpadu Satu Pintu* - "BPMPTSP") facility; 2) The provincial forestry agency officer at the BPMPTSP (liaison officer - LO) will then review the application within one working day; 3) The LO will then prepare a draft approval letter to be signed by the head of the provincial forestry agency within two days of any application being deemed complete; 4) The head of the provincial forestry agency will then forward the approval letter to the governor within three days; and 5) The governor will then issue a license within five days of receiving the signed draft.

- For more information, see ILB [No. 2962](#).

22. Minister of Environment Affairs and Forestry Regulation [No. P.60/MENLHK/SETJEN/KUM.1/7/2016](#) on the Amendment to Ministry Regulation No. P.43/Menlhk-Setjen/2015 on the Management of Timber Products Gathered from Natural Forests

Enforcement Date: 22 July 2016

Summary:

- Improves the administration of the online Timber Product Management Information System (SIPUHH), which is used to manage the following processes and areas relating to applications: 1) Log collection areas (TPn); 2) Log ponds and log yards (TPK Hutan); 3) Joint TPK Hutan (TPK Hutan covering more than one forestry utilization permit holder); 4) Land rights in forestry areas/forestry-business licenses; 5) Registered collection areas for processed timber (TPT-KO) and registered collection areas for log timber (TPT-KB); and 6) Legal Documentation for Timber Forestry Products (SKSHHK).
- SIPUHH rights access now lies with the government only, and the management team comprises of: an administrator, the Directorate General of Production Forest Management ("Directorate General"), the Provincial Forestry Service Office and the Technical Unit at the Directorate General. Previously, access was also granted to the public, holders of forestry business licenses and other appointed parties.
- In the event of any technical difficulties involving the SIPUHH and the processing of SKSHHK, the Directorate General will issue substitute SKSHHK.

General Corporate

23. Law [No. 13 of 2016](#) on Patents

Enforcement Date: 26 August 2016

Summary:

- Patent rights are granted by the State for certain periods of time to inventors of technological inventions, and allow holders to either exploit their inventions or permit other parties to do so. Patent rights do not include: aesthetic creations, computer programs, presentations and so forth.
- Classifies patent rights into: 1) General patents, *i.e.* rights which are granted to new inventions that encompass inventive steps and which can be applied for industrial purposes; and 2) Simple

patents, *i.e.* rights which are granted to new inventions which represent an improvement or a development over existing products or processes and which can be applied for industrial purposes.

- Patent holders must manufacture their patented products or utilize their patented processes within Indonesia, and the Law also mandates that any such activities should, without exception, be supported by efforts to transfer technology, attract further investment and provide more job opportunities.
- For further information, see also ILB [No. 2929](#) and ILD [No. 466](#).

24. Government Regulation [No. 33 of 2016](#) on Increases in State-Capital Participation in the State Power Company

Enforcement Date: 8 August 2016

Summary:

- The Government has added another IDR 10,580,623,267,581 to the total amount of state-capital participation in the State Power Company.
- This addition derives from the transfer of state-owned assets at the Ministry of Energy and Mineral Resources, which were initially procured during the 2004 to 2013 budgetary period and as specified under the Appendix to the Regulation.

25. Ministry of Finance Regulation [No. 133/PMK.04/2016](#) on Amendment to Ministry Regulation [No. 23/PMK.04/2015](#) on Temporary Customs and Storage Areas

Enforcement Date: 2 September 2016

Summary:

- Authorizes the Head of the Regional Office of the Directorate General of Customs and Excise at the Ministry of Finance and the Head of the Main Customs and Excise Service Office (“Service Office”) to designate any state border areas (*kawasan perbatasan*) as temporary customs areas.
- Any temporary customs area which is located at a state border must satisfy the following criteria: 1) Must not have previously been the subject of any requests to be designated as a temporary customs area; 2) Must be a center of export and/or import activity; and 3) Must have clear export- and/or import-activity borderlines.
- The determination of any temporary customs area located at a state border can only be carried out after a recommendation has been received from: 1) The Head of the Customs Office responsible for overseeing such outposts (for areas designated by a Regional Office Head); or 2) A Division Head whose duties and responsibilities relate to the provision of customs services (for areas which are designated by a Service Office Head).

26. Ministry of Finance Regulation [No. 129/PMK.08/2016](#) on the Amendment to Ministry Regulation [No. 265/PMK.08/2015](#) on Facilities for the Preparation and Implementation of Public-Private Partnership Transactions for Infrastructure Procurement

Enforcement Date: 24 August 2016

Summary:

- In order to accelerate the realization of infrastructure procurement for the general public through public-private partnerships (“PPP”), the government may grant facilities in the following form: 1) Project-preparation facilities; and/or 2) Project-assistance facilities.
- The Directorate General of Risk and Financial Management may: 1) Directly assign a certain state-owned enterprise to grant the facility to a given PPP project; 2) Grant the facility in cooperation with international institutions/agencies (for the construction and development of domestic oil refineries only).
- For more information, see ILB [No. 2968](#).

27. Ministry of Law and Human Rights Regulation [No. 28 of 2016](#) on Procedures for the Blocking and Unblocking of Access to Administrative Systems by Foundations, Associations and Incorporated Entities

Enforcement Date: 16 August 2016

Summary:

- Sets out the various parties which may request that information access by a foundation to a Legal Entities Administration System (*Sistem Administrasi Badan Hukum* -“SABH”) be either blocked or unblocked, including: 1) A foundation’s founders (specifically a minimum of half of the total number of founders for a blocking application or two thirds of the total number of founders for an unblocking application); 2) A foundation or association’s main body and/or other relevant parties; and 3) Relevant government institutions and/or heads of law-enforcement agencies, in accordance with the prevailing laws and regulations (for blocking applications only).
- Sets out the parties that may request that information access by an association to a Legal Entities Administration System (*Sistem Administrasi Badan Hukum* -“SABH”) be either blocked or unblocked, including: 1) A foundation or association’s main body and/or other relevant parties; and 2) Relevant government institutions and/or heads of law enforcement agencies, in accordance with the prevailing laws and regulations (for blocking applications only).

28. Head of the Indonesian Investment Coordinating Board (“BKPM”) Regulation [No. 7 of 2016](#) on the Determination of Regional Government Mapping Within the Investment Sector

Enforcement date: 18 August 2016

Summary:

- Sets out the scoring classification for any investment services which are rendered at the provincial and regional/municipal level, based on the intensity of their work load, as follows: 1) Agency A for high-intensity workloads; 2) Agency B for medium-intensity workloads; 3) Agency C for low-intensity workloads; and 4) Agency D for areas with mapping scores of less than 401 and very low-intensity workloads.

- Any provinces or regencies/cities which are categorized as Agency D, as described above, may also be assigned other responsibilities which relate to investment, specifically the following sectors: 1) Cooperatives and small- to medium-scale enterprises; 2) Industry; 3) Trade; 4) Energy and natural resources; 5) Transmigration; and 6) Employment.

29. Head of BKPM Regulation [No. 5 of 2016](#) on the Delegation of Authority for the Issuance of Business Licenses to the Head of the Palu Special Economic Zone Administration

Enforcement Date: 6 June 2016

Summary:

- The Head of the BKPM has now delegated several areas of its authority which relate to investment licensing to the Head of the Palu Special Economic Zone Administration, including: 1) The issuance of new business licenses; 2) Extensions, amendments and revocations of existing business licenses; 3) The administration of company mergers, and so forth.
- This delegation of authority only applies to investment activity involving foreign investors, as well as investment activity that falls under the government's authority, as specified under the prevailing laws and regulations governing investment.
- This delegation of authority does not apply to the licensing of the following business sectors: alcoholic beverages, high-value paper, ammunition and weapons, energy and mineral resources, strategic industry and so forth.

30. Head of BKPM Regulation [No. 4 of 2016](#) on the Delegation of Authority for the Issuance of Principal/Investment Licenses to the Head of the Palu Special Economic Zone Administration

Enforcement Date: 6 June 2016

Summary:

- The Head of the BKPM has now delegated the authority to issue the following investment licenses to the Head of Palu Special Economic Zone Administration: 1) The issuance of new principal licenses; 2) Extensions, amendments and revocations of existing principal licenses, and so forth.
- This delegation of authority only applies to investment activity involving foreign investors, as well as investment activity that falls under the government's authority, as specified under the prevailing laws and regulations.
- This delegation of authority does not apply to the licensing of the following business sectors: alcoholic beverages, high-value paper, ammunition and weapons, energy and mineral resources, strategic industry and so forth.

Consumer and Retail

31. Head of BPOM Regulation [No. 23 of 2016](#) on the Inclusion of Non-Additional Food Ingredients on Food Labeling and in Advertising

Enforcement date: 19 August 2016

Summary:

- Any labeling and advertising of processed food which does not contain any additional ingredients must comply to the prevailing laws and regulations and may only make the following claims: 1) No artificial sweetener; 2) No preservatives; 3) No synthetic food coloring; 4) No antioxidants; and/or 5) No flavor enhancer.
- Any information relating to non-additional food ingredients, as printed on food labeling, must be affixed after the list of food ingredients and does not have to set out any detailed information relating to the types of non-additional food ingredients. Furthermore, information relating to any non-additional food ingredients, as used in any advertising, must be in line with the information that is set out on the food labeling.

32. Head of BPOM Regulation [No. 22 of 2016](#) on Requirements for the Use of Food Additives and Flavorings

Enforcement date: 19 August 2016

Summary:

- Sets out the various types of flavoring substances which can be used in food in Appendix I to the Regulation, including: ally propionate, magnolol, cubebol and so forth.
- Sets out the maximum thresholds for any bioactive substances which are contained in any raw materials which are to be used as natural aromatics and/or chemical flavorings, as specified in Appendix II to the Regulation, including: aloin, agaric acid, hydrocyanic acid, etc.
- Any smoked flavorings which are used in food products may only have a maximum benzo(a)pyrene for level of no more than 0.03 mcg/kg. Any heat-processed flavorings which are in food products may use 3-monochloropropane-1,2-diol (3-MCPD) at levels which do not exceed the prevailing maximum contamination threshold.

33. Head of BPOM Regulation [No. 21 of 2016](#) on Food Categories

Enforcement date: 19 August 2016

Summary:

- Any food which is either produced in or imported to Indonesia must comply with the various food categorizations which are set out in Appendices I - XVI to the Regulation. Any such foods must also adhere to various quality, safety and nutritional requirements, in accordance with their categories.
- Parties looking to produce or import any uncategorized food stuffs must first secure approval from the Head of the BPOM.

34. Head of BPOM Regulation [No. 24 of 2016](#) on Requirements for the Commercial Sterility of Foods

Enforcement date: 4 August 2016

Summary:

- Requires all low-acid foods which are hermetically packed and stored at certain temperatures to be sterilized either through heating or other through another method (*i.e.* irradiation), and this process must result in an F0 value of at least 3 minutes, when calculated against existing *Clostridium botulinum* levels.
- This sterilization standard applies to all types and sizes of product (as well as other factors that may ultimately affect the F0 value) with the exception of alcoholic beverages, mineral water, demineralized water, natural mineral water and dew mineral water.
- Producers of sterilized foods must comply with all of the best prevailing practices for the production of sterilized foods, including the Code of Hygienic Practice for Low and Acidified Low-Acid Canned Foods (CAC/RCP 23-1979) and/or the Code of Hygienic Practice for Aseptically Processed and Packaged Low-Acid Foods (CAC/RCP 40-1993).

35. Head of BPOM Regulation [No. 18 of 2016](#) on the Amendment to the Head of the National Agency for Drug and Food Control Regulation [No. 1 of 2016](#) on Guidelines for the Oversight of Cosmetics Advertising

Enforcement date: 4 August 2016

Summary:

- Requires that all cosmetics advertisements comply only with Appendix I to the regulation. Previously, advertisements were also required to comply with other prevailing laws and regulations, as well as with notions of common advertising ethics.
- No longer prohibits cosmetic advertisements from: 1) Setting certain values and/or certain time periods as regards any benefits that customers may receive from a certain product; and 2) Stating that the certain product "passes clinical testing" or other such similar phrases.

36. Head of BPOM Regulation [No. 17 of 2016](#) on the Second Amendment to Head of the National Agency of Drug and Food Control Regulation [No. HK.03.1.23.10.11.08481 of 2011](#) on Criteria and Procedures for Drug Registration

Enforcement date: 4 August 2016

Summary:

- Producers, importers and/or distributors who wish to register their drug variations (specifically covering drugs in Category 4, Category 5 and Category 6) or who wish to re-register any of their already existing drugs (specifically covering drugs in category 7) are now exempt from having to undergo any mandatory pre-registration stages.
- Accelerates the drug registration process by adding two new registration periods, as follows: 1) Seven days for the registration of any exported drugs; 2) 10 days for the re-registration of any existing drugs without any changes being made to their material substance. Previously, only the following registration periods were set out: 40 days, 100 days, 150 days and 300 days, as

dependent on the type of drugs involved (e.g. drugs with minor variations that required Head of BPOM approval, new or biological drugs, and drugs with major variations).

- Any producers, importers and/or distributors of drugs intending to register their variation drugs may now amend their applications and should report any such amendments to the Head of the BPOM within six months (cumulatively) of submitting an application.
- For more information, see ILB [No. 2964](#).

37. Head of BPOM Regulation [No. 14 of 2016](#) on Safety and Quality Standards for Alcoholic Beverages

Enforcement date: 14 July 2016

Summary:

- Sets out the maximum methanol threshold (must not greater than 0.01% v/v), microbial and chemical contamination thresholds, and amount of food additives that can be present in alcoholic beverages (e.g. beer, stout, cider, grape wine, still grape wine, liqueur, brandy, etc.)
- Sets out three categories of alcoholic beverages, according to their alcohol volumes (Alcohol by Volume/ABV): Category A (up to 5% ABV); Category B (5%-20% ABV); and Category C (20%-55% ABV).
- All alcoholic beverage labeling must state the following information: 1) "ALCOHOLIC BEVERAGE" as well as the type/category of the alcoholic beverage in question (Category A, B or C); 2) "ARE PROHIBITED FROM BEING CONSUMED BY ANYONE BELOW 21 YEARS OF AGE AND PREGNANT WOMAN"; and 3) "CONTAINS AN ALCOHOL VOLUME OF...%".
- Prohibits all alcoholic-beverage advertisements in all media.

Financial Services

38. Presidential Regulation [No. 82 of 2016](#) on the National Strategy for Financial Inclusivity

Enforcement Date: 7 September 2016

Summary:

- Sets out a National Strategy for Financial Inclusivity (*Strategi Nasional Keuangan Inklusif - "SNKI"*), which is to be implemented by various ministries and government institutions, governors, mayors and regents in order to accelerate economic growth and poverty eradication, reduce disparities between individuals and regions across the country, and also to improve public welfare in general.
- Establishes the National Board for Financial Inclusivity, which comprises of the Governor of Bank Indonesia, the Chairman of the Financial Services Authority Commissioners and several ministers. The National Board is responsible for: 1) Coordinating and synchronizing the implementation of the SNKI; 2) Introducing various measures and policies aimed at solving any problems and

obstacles relating to the implementation of the SNKI; and 3) Monitoring and evaluating the implementation of the SNKI.

- For more information, see ILB [No. 2969](#).

39. Bank Indonesia (BI) Regulation [No. 18/16/PBI/2016](#) on Loan-to-Value Ratios or Financing-to-Value Ratios for Loan and Financing Facilities for Property and Advanced Payments for Loans or Financing Facilities for Motor Vehicles

Enforcement date: 29 August 2016

Summary:

- Updates the ratios for the maximum loans/financing amount which can be offered by banks to consumers for the purchase of landed houses, multi-dwelling properties or shop-houses/home-offices, specifically: 1) Loan-to-Value (“LTV”) ratios for conventional banks; and 2) Financing-to-Value (“FTV”) ratios for sharia banks and sharia business. These ratios do not apply to any loans/financing which relate to properties which have been included under governmental housing programs.
- These ratios are calculated by comparing the loan/financing amount with the property’s value, and are divided into several groups which are based on the following considerations: 1) Type of financing agreement (i.e. *murabahah*, *istishna’*, *musyarakah mutanaqisah*, or *muntahiya bittamlik*); 2) Type of applicant (i.e. first, second or third-time applicant, etc.); 3) Type and size of the property concerns; 4) The relevant bank’s history of non-performing loans/financing.
- For more information, see ILB [No. 2959](#).

40. BI Regulation [No. 18/14/PBI/2016](#) on the Fourth Amendment to BI Regulation [No. 15/15/PBI/2013](#) on the Rupiah and Foreign Currency Statutory Reserve Requirements for Conventional Commercial Banks

Enforcement date: 24 August 2016

Summary:

- Increases the lower limit for loan-to-funding ratio (“LFR”) targets from 78% to 80%.
- Changes the examples which are set out under the elucidations of the following provisions: 1) Benchmarks for conventional commercial banks, as regards their compliance with the LFR statutory reserve requirements (*giro wajib minimum* - “GWM”); and 2) The deduction of any *giro* services provided by Bank Indonesia to conventional commercial banks, as regards the banks’ compliance with their primary GWM in the rupiah currency.

41. BI Regulation [No. 18/13/PBI/2016](#) on the Third Amendment to Bank Indonesia Regulation [No. 15/17/PBI/2013](#) on Hedging-Swap Transactions for Bank Indonesia

Enforcement date: 19 August 2016

Summary:

- BI is now authorized to alter the margins for any calculations of fines which are to be imposed upon banks which fail to: 1) Transfer foreign-currency funds to Bank Indonesia for the first leg of any hedging-swap transaction on the date upon which any such transaction becomes effective (*tanggal valuta*); and/or 2) Deposit funds in their BI rupiah *giro* accounts for the second leg of any hedging-swap transaction by the time the transaction becomes effective.
- Requires that procedures for the imposition of sanctions and any changes which are made to the margin be regulated further through a BI circular.

42. BI Regulation [No. 18/12/PBI/2016](#) on Monetary Operations

Enforcement date: 19 August 2016

Summary:

- BI's monetary policies are to be implemented through: 1) Open-market operation/OPT (transactions between BI and conventional banks or third parties through the money market and foreign-exchange market); and 2) Standing Facilities (provision of funding in rupiah by BI to banks through lending facilities and deposit of funds by banks with BI).
- OPT encompasses the following activities: 1) Issuance of BI certificates and BI deposit certificates; 2) Commercial-paper repurchase agreements (repo) and reverse repo; 3) Outright sale or purchase of commercial papers; 3) Term deposits in BI (in rupiah or a foreign currency); 4) Foreign-exchange transactions; 5) Other permitted money-market transactions (either in rupiah or in a foreign currency).
- Requires participants in any monetary operations to: 1) Open a rupiah *giro* account and a foreign-currency *giro* account at BI (the latter only applies if the participant is taking part in foreign-currency OPT activities); 2) Open a commercial-papers account at BI and/or other custodian bank, as determined by BI; 3) Deposit a sufficient amount of funds (either in rupiah or in a foreign currency) in said accounts.

43. BI Regulation [No. 18/19/PBI/2016](#) on Foreign-Currency Transactions Against the Rupiah Undertaken by Banks and Foreign Parties

Enforcement date: 7 September 2016

Summary:

- Banks may engage in foreign-currency transactions with foreign parties (*e.g.* foreign citizens or entities, Indonesian citizens who hold permanent residencies in other countries, *etc.*) through: 1) Spot transactions; or 2) Foreign-currency derivative transactions against the rupiah (*i.e.* standard derivative transactions/plain-vanilla or structured-product transactions in the form of call-spread options). Call-spread options must be undertaken through dynamic hedging transactions.
- In order to perform foreign-currency transactions, banks must: 1) Comply with provisions on bank categorizations (BUKU); 2) Implement risk-management policies; 3) Provide education to the foreign party relating to derivative transactions; 4) Comply with the provision on the mandatory use of the rupiah currency; 5) Use their own exchange currency; and 6) Implement prudential

policies when engaging in any structured-product activity (specifically when call-spread-option transactions are involved).

- Requires that the following types of transactions be supported by underlying transactions: 1) Spot transactions of more than USD 25,000 (or its equivalent) per month per customer; 2) Plain vanilla transactions of more than USD 1 million (or its equivalent) per transaction per customer/bank; 3) Forward transactions of more than USD 5 million (or its equivalent) per transaction per customer; and 4) call-spread-option transactions.

44. BI Regulation [No. 18/18/PBI/2016](#) on Foreign-Currency Transactions Against the Rupiah Between Banks and Domestic Parties

Enforcement date: 7 September 2016

Summary:

- Banks may engage in foreign-currency transactions with domestic parties (*i.e.* Indonesian citizens and non-bank entities) through: 1) Spot transactions; or 2) Foreign-currency derivative transactions against the rupiah (*i.e.* standard-derivative transactions/plain-vanilla or structured-product transactions in the form of call-spread options). Call-spread options must be undertaken through dynamic hedging transactions.
- In order to undertake foreign-currency transactions, banks must: 1) Comply with provisions on bank categorizations (BUKU); 2) Implement risk-management policies; 3) Provide education to the foreign party relating to derivative transactions; 4) Comply with the provision on the mandatory use of the rupiah currency; 5) Use their own exchange currency; and 6) Implement prudential policies when engaging in any structured-product activity.
- Requires that the following types of transactions be supported by underlying transactions: 1) Spot transactions of more than USD 25,000 (or its equivalent) per month per customer; 2) Plain-vanilla transactions of more than USD 100,000 (or its equivalent) per month per customer; 3) Forward transactions of more than USD 5 million (or its equivalent) per transaction per customer; and 4) Call-spread options.

45. BI Regulation [No. 18/17/PBI/2016](#) on the Second Amendment to BI Regulation [No. 11/12/PBI/2009](#) on Electronic Money

Enforcement date: 29 August 2016

Summary:

- Eases requirements for any banks (as electronic money issuers) which are looking to engage into cooperation with individual Digital Financial Service (*Layanan Keuangan Digital/LKD*) agents, specifically: 1) Must be in the form of an Indonesian incorporated entity; 2) Must be categorized as either BUKU 3 or 4 (for commercial banks); 3) Must be categorized as either BUKU 1 or 2 and also in possession of adequate technological infrastructure (for Bank Pembangunan Daerah/BPD); and 4) Must have satisfied all of the relevant operational requirements set by BI.

- Issuers of electronic money (banks or non-bank institutions) must continuously implement Simplified-Customer Due Diligence (CDD) measures by recording the personal information of any prospective customers, including: name, date and place of birth, address, identification number and biological mother's name.
- Issuers must implement general CDD measures in accordance with the prevailing regulations if any of the following events occur: 1) Non-conformity of any customer information; 2) The customer is categorized as a Politically Exposed Person (PEP); and/or 3) There are any indications of either money laundering or terrorism funding.

46. BI Regulation [No. 18/15/PBI/2016](#) on Organizers of Rupiah-Management Services

Enforcement date: 31 October 2016

Summary:

- Sets out the various requirements which have to be met by any Security Service Companies (*Badan Usaha Jasa Pengamanan/BUJP*) which are looking to be appointed as Rupiah-Management Service Organizers (Organizer) and thus responsible for: 1) The distribution and processing of the rupiah currency; 2) The depositing of the rupiah currency in the treasury; and/or 3) The re-filling, collection and/or monitoring of the availability of the rupiah currency as dispensed via Automated Teller Machines (ATM), Cash Deposit Machines (CDM) and/or Cash Recycling Machines (CRM).
 - In order to be acknowledged as Organizers, BUJPs are required to secure licenses from BI and also satisfy the following requirements: 1) Be in the form of Indonesian limited-liability companies; 2) Utilize facilities and infrastructure in accordance with prevailing standards, as determined by BI; 3) Be in a financially sound condition; 4) Be supported by management of good reputation and integrity; and 5) Be in possession of valid operational BUJP licenses, as issued by the Indonesian Police Force.
 - Once an Organizer's license has been secured, a BUJP must commence the permitted rupiah-management activity within 90 days and also submit a report outlining such commencement to BI.
 - Any agreements held between banks (or other parties) and Organizers must be made in writing and must outline the following information at the least: scope and period of work, fees and payment procedures, service-level agreements, rights and obligations of the parties, insurance, compliance with the relevant BI regulations, confidentiality, early termination, sanctions and dispute-settlement mechanisms.
47. BI Circular Letter [No. 18/19/DKMP](#) on Loan-to-Value Ratios and Financing-to-Value Ratios for Loan and Financing Facilities for Property and for the Advanced Payment of Loans or Financing Facilities for Motor Vehicles

Enforcement date: 6 September 2016

Summary:

- Loan-to-Value (“LTV”) ratios for conventional banks which are granting loan facilities for property ownership to the general public are calculated based on: 1) Upper credit thresholds, as stated in loan agreements; and 2) Property values (collateral), as determined by banks or through independent appraisal.
 - Financing-to-Value (“FTV”) ratios for sharia banks which are granting financing facilities for property ownership are calculated based on: 1) The type of financing agreement or *akad* (*Murabaha* or *Istishna’*, *Musarakah Mustanaqisah*, or *Ijarah Muntahiya Bittamlik*); and 2) Property values (collateral), as determined by banks or through independent appraisal.
 - Sets LTV ratios and FTV ratios which are applicable to conventional banks and sharia banks. LTV ratios are categorized based on property type, property size, and the type of customer (first-time, second-time or third-time applicant), while FTV ratios are to be categorized on a similar basis, with the addition of the type of financing agreement concerned.
 - Sets minimum advanced-payment percentages (of between 20% and 30%) for the provision of loans/financing to any customers who are looking to obtain motor vehicles, which are based on: 1) Vehicle type (two-, three- or four-wheeled vehicles) and function (passenger or cargo transportation); 2) The applicant’s background (*i.e.* whether they are in possession of a business license for passenger/cargo vehicles or not); and 3) The relevant bank’s history of non-performing loans.
48. BI Circular Letter [No. 18/18/DKMP](#) on the Third Amendment to BI Circular Letter [No. 17/17/DKMP](#) Dated 26 June 2015 on Rupiah and Foreign Currency GWM for Conventional Commercial Banks
- Enforcement date: 24 August 2016
- Summary:
- Amends provisions relating to the calculation of GWM LFR by increasing the minimum LFR target threshold from 78% to 80%
 - Replaces the following appendices: 1) Appendix III to the Regulation with Appendix III to the Third Amendment, which relates to the calculation of GWM in rupiah, as well as applicable sanctions; and 2) Appendix IV to the Regulation with Appendix IV to the Third Amendment, which relates to the calculation of GWM for any banks which are undergoing mergers.
49. OJK Regulation [No. 32/POJK.03/2016](#) on the Amendment to Financial Services Authority Regulation [No. 6/POJK.03/2015](#) on Transparency and the Publication of Banks Reports
- Enforcement date: 12 August 2016
- Summary:
- Banks’ quarterly publication reports are required to incorporate the following information: 1) Quantitative information relating to a bank’s risk-exposure level, starting from the bank’s position at the end of June 2017; 2) Disclosure of a bank’s capital (for banks which have been classified as either BUKU 3 or 4); 3) Disclosure of a bank’s liquidity coverage ratio (if applicable), starting from

a bank's position at the end of September 2016. Such information must also be published on the bank's website and maintained and updated for a period of at least five years.

- Incorporates a number of new provisions relating to banks' annual publication reports, such as: 1) Banks are required to publish their risk-exposure levels on their websites on a quarterly basis; 2) Banks are required to include information relating to any prohibitions, suspensions and/or restrictions of fund transfers which have been enforced in order that they comply with the mandatory capital requirement (if the bank is part of any affiliation or has a subsidiary).
- For more information, see ILB [No. 2970](#).

50. Financial Services Authority (OJK) Circular Letter [No. 38/SEOJK.03/2016](#) on Guidelines for the Use of Standard Methods to Calculate the Mandatory Statutory Reserves of Banks Through a Consideration of Market Risk

Enforcement date: 8 September 2016

Summary:

- Requires that commercial banks use the following calculation methods when estimating their risk-weighted assets (ATMR): 1) The standard method; and/or 2) An internal model developed by the commercial bank. Use of the standard method is mandatory for any banks which are undergoing the preliminary stages of any ATMR calculation and which also satisfy the various criteria which are set out in Articles 28 and 29 of OJK Regulation No. [11/POJK.03/2016](#) on the Mandatory Minimum-Capital Requirements for Commercial Banks (2016 OJK Regulation).
- Through the standard method, commercial banks must estimate any relevant market risk, including interest-rate risk and exchange risk, and including fluctuations which occur in any option prices.
- Commercial banks must also estimate the relevant equity and/or commodity risk if: 1) The banks satisfy the criteria set out in the standard method, which is mandatory for any banks which are undergoing the preliminary stage of ATMR calculation and which satisfy the various criteria set out in Articles 28 and 29 of the 2016 OJK Regulation; and 2) The bank in question has subsidiaries which are exposed to equity risk and/or commodity risk.

51. OJK Circular Letter [No. 37/SEOJK.03/2016](#) on Ratings and Ratings Agencies Acknowledged by the Financial Services Authority

Enforcement date: 8 September 2016

Summary:

- In order to be admitted by the OJK, ratings agencies must satisfy all of the relevant criteria, as determined by the OJK, specifically: 1) Must be independent of all intervention; 2) Must be objective regarding the various procedures and methodologies which are used by ratings agencies; 3) Must disclose all relevant information to the public; 4) Must be transparent in their ratings results; 5) Must have sufficient resources at their disposal (*i.e.* human resources, financial

resources, as well as the support of shareholders); and 6) Must have credibility among ratings agencies as regards market acceptability.

- Ratings agencies must provide a website which is accessible to the general public when publishing their ratings results. Any such website must be separate from the website of the agency's parent company.
- The OJK may suspend the activity of any rating agencies if: 1) They are found to have published misleading information; 2) They have been sanctioned by the relevant authorities; 3) They have violated any prevailing laws and regulations (e.g. insider trading, "cooking the books", etc.); and/or 4) They no longer satisfy the ratings-agency criteria, as set out above.

52. OJK Circular Letter [No. 36/SEOJK.04/2016](#) on the Revocation of OJK Circular Letter [No. 27/SEOJK.04/2015](#) on Accountancy Standards for Leased Communication Towers

Enforcement date: 5 September 2016

Summary:

- Issuers or publicly listed companies must adhere to Accountancy Standards Interpretation No. 31 ("ISAK 31"), which was issued by the Board of Accountancy Standards at the Indonesian Accountants Association (DSAK IAI). These accountancy standards guidelines must be followed for any leased communication towers.

53. OJK Circular Letter [No. 35/SEOJK.04/2016](#) on Mandatory Tender Offers Resulting from the Acquisition of Public Companies in Order to Support the Tax-Amnesty Law

Enforcement date: 2 September 2016

Summary:

- Any taxpayers who have declared themselves as majority shareholders in a public company under the tax amnesty are exempt from having to make a mandatory tender offer, as regulated in the Appendix to Capital-Market and Financial-Institutions Supervisory Board (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*) Decree [No. KEP - 264/BL/2011](#) on the Acquisition of Public Companies.
- Any such majority shareholders must submit the following documents to the OJK: 1) Copy of a statement letter issued by the Minister of Finance approving the tax-amnesty application; and 2) Statement covering the transfer of all assets which relate to the relevant securities account at the custodian bank on behalf of the taxpayer in question.
- Any public companies which have acquired new majority shareholders under the tax amnesty are exempt from having to disclose this information, as regulated under OJK Regulation [No. 31/POJK.04/2015](#) on the Disclosure of Information or Material Facts by Issuing Companies or Publicly Listed Companies.
- For further information, see ILB [No. 2957](#).

54. OJK Circular Letter No. [33/SEOJK.03/2016](#) on the Implementation of Risk-Management Measures for Banks Entering into Cooperation Agreements with Insurance Companies (Bancassurance)

Enforcement date: 1 September 2016

Summary:

- Any banks which are cooperating with insurance companies in order to sell insurance products (“Bancassurance”) are prohibited from indemnifying any risk, as it is contained within any insurance products. Instead, banks are only allowed to act as sales agents for insurance products, as stated in a Bancassurance agreement covering the insurance product in question which has been approved by the OJK.
- Banks must undertake risk-management measures during the following stages: 1) Determination of the insurance company which will become the bank’s counterparty; 2) Drafting of the Bancassurance agreement; 3) Management of customer accounts; and 4) Implementation of the customer-protection principle.
- The Circular Letter sets out a number of different implementations relating to risk management for each bancassurance business model, specifically: 1) Reference (whereby banks merely refer customers to a given insurance company); 2) Distribution agreement (whereby banks become responsible for the direct sale of an insurance product); 3) Product integration.

55. OJK Circular Letter [No. 31/SEOJK.05/2016](#) on Fit and Proper Testing for Main Parties in Non-Bank, Financial-Services Institutions

Enforcement date: 30 August 2016

Summary:

- The Main Parties of any non-bank financial institutions (“NBFI”) are required to undergo a process of fit-and-proper testing, which should encompass the following aspects: 1) Integrity; 2) Financial reputation; 3) Financial properness; and 4) Competency.
- The Main Party of any NBFI should comprise of: 1) Majority shareholders; 2) Insurance-company controller; and 3) Main Parties in addition to the majority shareholders or insurance-company controller(s), such as members of the board of directors (“BOD”), members of the board of commissioners (“BOC”), and so forth; 4) etc.
- In order to secure approval as a Main Party, applicants must submit their applications to the OJK along with the relevant supporting documents, as described in Article IV B of the Circular Letter (*i.e.* any prospective BoD must present their resumes, education certificates, awards, *etc.*)
- The procedure for fit-and-proper testing encompasses: 1) Administrative assessment; and 2) Stipulation of fit-and-proper test results. During any the fit-and-proper testing process, the OJK may ask the following Main Parties to: 1) Give a presentation to the OJK (for majority shareholders or insurance-company controllers); or 2) Provide any necessary clarification to the OJK (regarding BOD or BOC candidates, sharia-supervisory boards and so forth).

56. OJK Circular Letter [No. 32/SEOJK.05/2016](#) on Bancassurance Marketing

Enforcement date: 1 September 2016

Summary:

- Sets out further provisions for cooperation between banks (*i.e.* commercial banks and sharia banks) and insurance companies (*i.e.* commercial-insurance companies and sharia-insurance companies) as regards the sale of insurance products via banks through a process known as “Bancassurance”.
- Any bancassurance cooperation must satisfy the following general requirements: 1) Must be implemented through a reference, distribution agreement or product-integration business model; 2) Participating banks must not be insured by, be participants in, or have any of their assets covered by the insurance company in question; 3) The insurance company must have secured OJK approval for the Bancassurance program (“**Approval**”); and so forth.
- Insurance companies and banks under any Bancassurance agreement (“**Agreement**”) are required to meet the following conditions: 1) Insurance companies and banks are allowed to enter into more than one Agreement; 2) Any single Agreement should contain only one business model for either a single or bundled-insurance product; 3) An Agreement should be drafted in Bahasa Indonesia or, if the Agreement has been drawn up in two languages, then Bahasa Indonesia will be considered the dominant language in terms of any interpretation; and so forth.
- For more information, see ILB [No. 2961](#).

57. OJK Circular Letter [No. 30/SEOJK.04/2016](#) on the Form and Contents of Annual Reports for Issuers and Public Companies

Enforcement date: 3 August 2016

Summary:

- Issuers and public companies are required to draw up annual reports in both hardcopy and softcopy forms. The hardcopy must be printed on high-quality, A4 paper, should be bound and can be copied. Meanwhile, the softcopy must be saved in PDF format.
- The annual report should set out the following matters, at the least: 1) Summary of financial matters; 2) Share information (if any); 3) Board of Directors and Board of Commissioners reports; 4) Profile of issuers or public companies; and so forth.
- Annual reports may also set out information in the form of images, graphics, tables and/or flowcharts which contain the title and/or clear remarks and labeling.
- For more information, see ILB [No. 2963](#).

Tax

58. Director General of Tax Regulation [No. PER-08/PJ/2016](#) on the Re-registration and Reactivation of Individual Taxpayer Statuses in Certain Areas Through the Tax-Amnesty Program

Enforcement date: 1 August 2016

Summary:

- Any individual and who has not yet secured a Tax Identification Numbers (NPWP), or whose individual taxpayer status is currently inactive or has been deleted, may now apply for a new NPWP or for a re-activation of their status to the following Indonesian Representative Offices (Representative Office): 1) The Indonesian Consulate General in Hong Kong; 2) The Indonesian Embassies in either Singapore or London; and 2) Other places, as specified by the Ministry of Finance.
- In order to apply for a new NPWP, an applicant must submit an application along with a valid Indonesian identity card, passport, driving license or other identifying document. Any married woman wishing to apply for separate taxation treatment must also present a copy of their spouse's NPWP, as well as a copy of a prenuptial agreement or a statement confirming such separation.
- In order to reactivate their individual taxpayer status, an applicant must first submit an application, along with the relevant supporting documents required under the applicable laws and regulations.

59. Director General of Tax Circular Letter [No. SE-39/PJ/2016](#) on Guidelines for the Re-registration and Reactivation of Individual Taxpayer Statuses in Certain Areas under the Tax-Amnesty Program

Enforcement date: 12 August 2016

Summary:

- Any individuals may apply for Tax Identification Numbers (NPWP) at the Indonesian Consulate General in Hong Kong, the Indonesian Embassies in either Singapore or London, or other places specified by the Ministry of Finance and should submit: 1) An affidavit stating that the applicant is not in possession of any existing NPWP; 2) A copy of a valid Indonesian identity card, driving license, passport or other identifying document.
- Any married Indonesian woman wishing to apply for separate taxation treatment from her spouse must present a prenuptial agreement stating such separation, as well as a copy of her spouse's NPWP.
- Applications for new NPWPs will be processed according to the procedures which are set out in Appendix I to this circular, while applications for NPWP reactivations will be processed according to Appendix II to this circular.
- NPWP applicants who are domiciled overseas and who are not in possession of any defined domicile within Indonesia will be administrated by the Kebayoran Baru Tax Service Office in

Jakarta. If a domicile can later be determined, then the applicant must notify the Kebayoran Baru Tax Service Office.

60. Directorate General of Tax Circular Letter [No. SE-35/PJ/2016](#) on Guidelines for the Delivery of Tax-Amnesty Documents to the Taxation Data and Document Processing Office Service

Enforcement date: 1 August 2016

Summary:

- Sets out various internal technical standards and operating procedures for: 1) The temporary storage and packing of documents which relate to the current tax-amnesty program at the Tax Service Office, Regional Tax Service Offices and other places specified by Ministry of Finance as being able to provide tax-amnesty services; and 2) The delivery of tax-amnesty documents to the Taxation Data and Documents and Processing Office in Makassar.

61. Directorate General of Tax Circular Letter [No. SE-34/PJ/2016](#) on Guidelines for the Receipt and Processing of Asset Declaration Letters at Certain Locations under the Tax-Amnesty Program

Enforcement date: 1 August 2016

Summary:

- Sets out various internal standard operating procedures relating to the receipt and examination of asset declaration letters at various locations (either in Indonesia or in certain foreign countries), as specified by the Ministry of Finance for the purposes of administering the tax amnesty. These procedures are as specified in Appendix 1 to the Regulation.
- Incorporates a further three appendices, which regulate the following procedures: 1) The processing of asset-declaration letters at Regional Tax Service Offices (Appendix 2); 2) The revision of tax-amnesty approval letters (Appendix 3); and 3) The receipt of asset-declaration letters in certain places in emergency situations (Appendix 4).

62. Director General of Tax Regulation [No. PER - 11/PJ/2016](#) on Further Provisions for the Implementation of Law [No. 11 of 2016](#) on the Tax Amnesty

Enforcement date: 29 August 2016

Summary:

- The following parties may waive their rights to utilize the current tax-amnesty: 1) Farmers, retired individuals, Indonesian workers and any heirs of undivided estates whose total income over the course of the most recent fiscal year (as already reported under the 2015 Income-Tax Report/SPT PPh) is lower than the non-taxable income threshold; and 2) Indonesian citizens who are classified as foreign taxpayers due to the fact that they only live in Indonesia for fewer than 183 days per year and do not generate any income in Indonesia.
- Any Taxpayers who waive their right to utilize the tax amnesty may still disclose their assets by submitting a new SPT PPh or revising their previous SPT PPh (if the SPT PPh in question has already been submitted).

- For further information, see ILB [No. 2951](#).

63. Minister of Agrarian Affairs and Spatial Planning/Head of National Land Agency Regulation [No. 25 of 2016](#) on Requirements and Procedures for the Imposition of Certain Non-Tax State Revenue Levies on Specific Parties

Enforcement Date: 9 September 2016

Summary:

- The following parties are entitled to enjoy an IDR 0.00 tariff on Non-Tax State Revenue Levies (PNBP), as recipients of certain land services at the Land Service Office (*i.e.* measurement and mapping services, land-inspection services and first-time registrations of land): 1) Low-income citizens; 2) Participants to the Government Program for Simple Housing; 3) Veterans, retired government officials, national-army retirees, national-police retirees (including their spouses); and 4) Certain government institutions.
- The following parties are entitled to enjoy a 50% tariff on any PNBP, as recipients of certain land services at the Land Service Office (*i.e.* measurement and mapping services, land-inspection services and first-time registrations of land): 1) Government officials, national-army soldiers, national-police officers who are still on active duty (including their spouses); 2) State or regionally owned enterprises; 3) Institutions/agencies working on special assignments and as appointed by the government; and so forth.

64. Director General of Tax Regulation [No. PER-12/PJ/2016](#) on Procedures for the Administration of Reports by Gateways for the Tax-Amnesty Program

Enforcement date: 5 September 2016

Summary:

- Any banks, investment managers and securities brokerages which have been appointed as gateways are required to submit reports on the following matters: 1) The opening of any special accounts and any transfer activity relating to said accounts; 2) The opening of accounts for investment purposes and the transfer of investments to such accounts; and 3) Taxpayer investment positions.
- All such reports must be submitted in either softcopy or hardcopy form to the Director General of Tax via the Head of the External Data-Management Office by no later than the fifth day of the month following the activity in question.
- The Director of Tax Regulations II which receive report from the The Head of the External Data-Management Office may request written clarification from any such gateway on behalf of the Director General of Tax.
- Based on any such clarification, the Director General of Tax may then recommend that the Minister of Finance issue a written warning to the non-complying gateway or revoke its gateway status altogether.

65. Director General of Tax Regulation [No. PER-10/PJ/2016](#) on the Amendment to Director General Regulation [No. PER-07/PJ/2016](#) on Documents and Technical Guidelines for the Completion of Documents Relating to the Tax-Amnesty Program

Enforcement date: 19 August 2016

Summary:

- Adds a number of new explanations to Appendix I to the Regulation which relate to guidelines for the completion of asset-disclosure statement letters by tax-amnesty applicants, and which cover the following matters: 1) Ransom fees (*i.e.* period, fiscal year, payment procedures); 2) Procedures for the completion of information on taxpayer identity-card numbers, trade business permits, deeds of establishment and taxpayer status for micro-, small- or medium-scale enterprises; and 3) The ransom-fee basis for freelancers or non-employee taxpayers who have gross incomes that reach IDR 4.8 billion per year.
 - Amends several explanations in Appendix IV to the Regulation relating to guidelines for taxpayer assets and liabilities, covering: 1) The value of any assets which must be disclosed in annual income-tax notifications; 2) The various types of documents for asset ownership; and so forth.
66. Government Regulation [No. 35 of 2016](#) on Types and Tariffs of Non-Tax State Revenue Applicable to the Ministry of Agriculture

Enforcement Date: 12 October 2016

Summary:

- The types of non-tax state revenue applicable to the Ministry of Agriculture (Ministry) comprise of: 1) Revenue generated by agricultural products; 2) Licensing and rights entitlement services; 3) Animal and plant quarantine services; and so forth. Further details as regards each type and tariff are incorporated under the Appendix to the Regulation.
 - The Ministry may also generate non-tax state revenue by organizing courses and training sessions for pre-initiation purposes (*prajabatan*), as well as third- and fourth-level leadership courses and training in accordance with the prevailing laws and regulations. The tariffs applicable for such activities are to be determined according to Government Regulation [No. 15 of 2016](#).
 - Any non-tax state revenue generated by the Ministry must be submitted to the state treasury as soon as possible.
67. Minister of Finance Regulation [No. 127/PMK.010/2016](#) on the Tax Amnesty Based on Law [No. 11 of 2016](#) on the Tax Amnesty for Taxpayers in Possession of Indirect Assets Through Special Purpose Vehicles

Enforcement Date: 23 August 2016

Summary:

- Individual and corporate taxpayers (Taxpayers) must now disclose any indirect assets which have been placed within domestic and/or overseas Special Purpose Vehicles (SPV Assets) in order to

obtain a tax amnesty. Taxpayers who own assets in SPVs must also adhere to the various provisions set out under Ministry Regulation [No. 118/PMK.03/2016\[9\]](#) on the Implementation of the Tax-Amnesty Law.

- After disclosing their SPV Assets, Taxpayers are required to dissolve their SPVs or relinquish their ownership rights over any SPVs and their various assets by: 1) Transferring the ownership of any such assets into their own name (instead of the SPV's name); or 2) Transferring any rights relating to Indonesian limited-liability companies.
- Taxpayers are exempt from the obligation to disclose their SPV Assets if they were responsible for the establishment of the SPV in question and also extended loans to it.
- For more information, see ILB [No. 2958](#).

Miscellaneous

68. Minister of Agrarian Affairs and Spatial Planning/Head of National Land Agency Regulation [No. 28 of 2016](#) on the Acceleration of the National Agrarian Program Through Systematic Land Registration

Enforcement Date: 30 August 2016

Summary:

- Introduces a Systematic Land Registration process in order to accelerate the realization of the National Agrarian Program ("PRONA"). This process encompasses the first-time registration of land titles in various villages/sub-districts across Indonesia.
- Authorizes various Heads of Land Registration Offices to: 1) Establish Acceleration Teams responsible for carrying out the Systematic Land Registration process; 2) Determine the locations at which any Systematic Land Registrations will take place within their area, starting gradually from the outer perimeter of any given area (which should mainly contain unregistered lands) and gradually moving in towards urban/central areas.
- Sets out the procedures for the carrying out of the Systematic Land Registration Process, which involves: 1) The collection of physical and juridical data, land-title verifications and bookkeeping data involving land titles; 2) The issuance of land-rights titles; 3) Ascertaining various sources of funding.

69. Minister of Law and Human Rights Regulation [No. 29 of 2016](#) on Requirements and Procedures for the Admission, Reporting and Dismissal of Sworn Translators

Enforcement Date: 16 August 2016

Summary:

- Sworn translators are now required to be acknowledged by, and registered with, the Ministry of Law and Human Rights ("Ministry"). (Previously, anyone working in this profession had only to be acknowledged by a governor).

- The requirements which have to be met by sworn translators are as follows: 1) Must be Indonesian; 2) Must be domiciled in Indonesia; 3) Must have passed a sworn-translator examination, as organized by an appointed institution; 4) Must not work for any state apparatus, as an advocate, etc.; and so forth.

70. Minister of Law and Human Rights Regulation [No. 27 of 2016](#) on the Distribution and Determination of Work-Area Categories for Public-Notary Professionals

Enforcement date:

Summary:

- Sets out a new distribution for notaries for the next four years (from 2016 to 2019), as they are needed across every region/city in Indonesia and as determined by the Ministry. The current distribution list for each region/city is as specified in the Appendix to the Regulation, which may be adjusted on the provision that: 1) Any addition to the distribution is limited to between two and 30 notaries; 2) Any new mandated distribution of public notaries is made available on the Directorate General of General Law Administration's official website.
- Sets out a new set of working areas for the new notary appointments and also describes the transfer of notaries between working areas, as follows: 1) Category A: for transfers from work areas listed in Category B; 2) Category B: for transfers from work areas listed in Categories A and C; 3) Category C: for transfers from work areas listed in Categories A, B and C; and 4) Category D: for transfers from other work-area categories and for the appointment of new notaries.
- See ILB [No. 2966](#).

71. Ministry of Law and Human Rights Regulation [No. 25 of 2016](#) on Requirements and Procedures for the Imposition of Zero-Rupiah and Zero-US Dollar Tariffs for Immigration Services

Enforcement date: 19 July 2016

Summary:

- The imposition of the zero-rupiah tariff applies to the issuance of the following: 1) 24-page general passports for Indonesian migrant workers (for first-time applications); 2) Travel documents issued in lieu of passport (*surat perjalanan laksana paspor*) for Indonesian citizens who are returning to Indonesia after serving custodial sentences abroad or after having been deported.
- The imposition of the zero-rupiah tariff also applies to the issuance of visas to foreign citizens under the following conditions: 1) Force majeure; 2) Granted to any foreign citizens who are working as experts under an aid-cooperation scheme in conjunction with the Indonesian government, recipients of scholarships from the Indonesian government and representatives of foreign countries or international organizations working for humanitarian purposes; and 4) The implementation of the reciprocal principle between Indonesia and another country.
- The imposition of the zero-rupiah tariff for the issuance of immigration permits to foreign citizens can take place under the following conditions: 1) Force majeure; 2) Granted to any foreign citizens who are working as experts under an aid-cooperation scheme in conjunction with the

Indonesian government, recipients of scholarships from the Indonesian government and underprivileged individuals who are domiciled within Indonesia; 3) Deportation/repatriation purposes; and 4) The implementation of the reciprocal principle between Indonesia and another country.

72. Ministry of Law and Human Rights Regulation [No. 23 of 2016](#) on Foreign Citizens or Heirs of Foreign Citizens as Owners of Property Who Are No Longer Domiciled in Indonesia

Enforcement date: 27 June 2016

Summary:

- Any foreign citizen who owns property in Indonesia (*i.e.* house and land) under a right-to-use title can release or transfer this right to another eligible party, if the foreign citizen in question leaves Indonesia for a period of at least one year from the date of an exit permit being stamped in the foreigner's travel documents. This provision also applies to the heirs of any such properties who are registered here as foreign citizens.

73. Ministry of Public Works and Public Housing Regulation [No. 26/PRT/M/2016](#) on the Amendment to Ministry Regulation [No. 21/PRT/M/2016](#) on Flexibility and/or Assistance Relating to Property Ownership by Low-Income Citizens

Enforcement date: 15 July 2016

Summary:

- In order to become eligible for inclusion in the subsidized housing-mortgage (*kredit pemilikan rumah* - "KPR") program low-income citizens are no longer required to possess annual income-tax notifications if their income is below the non-taxable income threshold.
- Low-income individuals who have already been included in the KPR program must settle their outstanding value-added tax liabilities, provide accurate information and must be domiciled in their subsidized landed house (*rumah tapak*) or multi-dwelling unit for a period of one continuous year. Otherwise, their KPR program will be terminated.
- In cases of termination, as outlined above, banks are no longer required to return any outstanding value-added tax. However, banks are still required to return the following: 1) The relevant liquidity facilities for housing financing funds (*fasilitas likuiditas pembiayaan perumahan* - "FLPP") which should be returned within seven days of termination; and 2) Any FLPP-fund benefits, subsidies for housing-credit interest rates or housing down-payment fees, which should be returned within one month of termination.

74. Director General of Customs and Excise Regulation [No. PER - 24/BC/2016](#) on Procedures for the Granting Import Duty Exemptions and the Settlement of Customs Obligations Relating to the Import of Goods Belonging to International Organizations and Their Officials in Indonesia

Enforcement date: 16 June 2016

Summary:

- International organizations and their officials can enjoy import-duty exemptions relating to the import of goods and motor vehicles (collectively referred to as “Imported Goods”), provided that the Imported Goods in question: 1) Are to be utilized by the office of the international organization in question; 2) Are to be utilized in order to meet private and/or family needs; 3) Consist of professional equipment; and/or 4) Are to be utilized for project and non-project purposes.
- In order to obtain an import-duty exemption, the head of the relevant international organization is required to secure principal approval from the Ministry of the State Secretariat before submitting an application to the Ministry of Finance along with the following supporting documents: 1) The identity card of, or appointment letter for, the officer of the international organization acknowledging them as a facilities receiver; 2) The identity card of, or appointment letter from, the head of the international organization which is applying for the exemption; and so forth.
- Any international organization which is no longer using any Imported Goods may re-export, transfer or destroy the goods in question. If any motor vehicles were originally imported more than five years ago, then the international organization is permitted to either re-export or destroy them, but can only transfer them to any parties who have been in receipt of the same facilities that the international organization has enjoyed.

75. Minister of Finance Regulation [No. 125/PMK.07/2016](#) on the Postponement of the Disbursement of Partial General Allocations in 2016

Enforcement Date: 16 August 2016

Summary:

- Partially postpones the disbursement of IDR 19,418,975,064,500 of General Allocation Funds (*Dana Alokasi Umum*) for the 2016 budgetary year to 169 regions across Indonesia, as detailed in the Appendix to the Regulation.
- The disbursement of General Allocation Funds for the 2016 budget year can be resumed during 2016, provided that the state revenue target is achieved. Otherwise, the disbursement may be undertaken during the next budgetary year, while taking the financial condition of the state into due consideration.

76. Governor of the Special Region of Jakarta Regulation [No. 164 of 2016](#) on Traffic Control Through the Even-and-Odd Registration Number System

Enforcement date: 24 August 2016

Summary:

- Prohibits four-wheeled motor vehicles with even registration numbers from being driven on odd calendar dates (and vice versa) along the following streets from Monday to Friday (with the exception of public holidays) between the hours of 07.00 - 10.00 and also from 16.00 - 20.00: Jl.

Medan Merdeka Barat, Jl. M.H. Thamrin, Jl. Jendral Sudirman, Jl. Sisingamangaraja, and part of Jl. Jenderal Gatot Subroto.

- This limitation does not apply to the following types of motor vehicles: 1) Vehicles in the possession of heads of state institutions (i.e. President/Vice President, Chairman of the House of Representatives, People's Consultative Assembly, Regional Representatives Council, Head of the Supreme Court/Constitutional Court/Judicial Commission); 2) Vehicles belonging to representative heads; 3) Vehicles being used by government institutions, fire fighters and ambulances, or for public transportation purposes; 4) Vehicles being used for freight transportation; 5) Motorcycles; and 6) Special vehicles (e.g. vehicles being used by banks to transport money).
- This traffic control system may be immediately suspended in cases of force majeure (e.g. natural disasters, public riots).