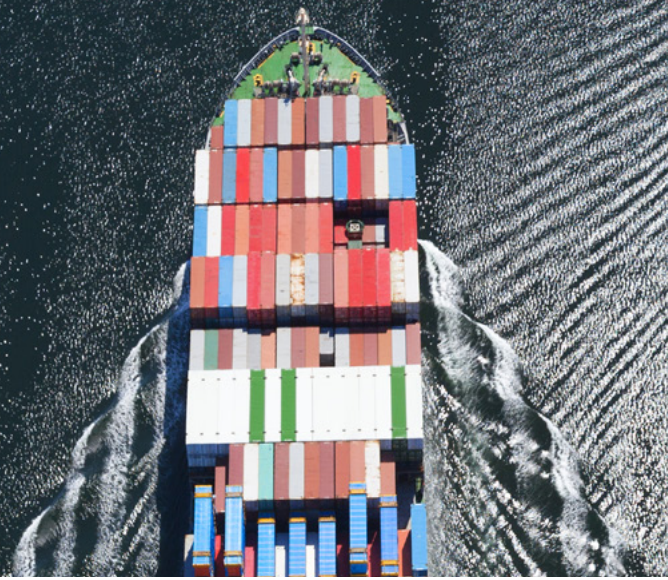


Indonesia Regulatory Update

July 2016



Regulatory Highlights

This publication sets out to highlight at summary level some of the key current regulatory changes in Indonesia. These important changes have implications for industry covering a wide range of industries and within these, specific and complex business processes. For further details on any of the items covered, a listing of KPMG Contact Points for further discussion is included at the end of the document. If you wish to receive a full research pack of all of the Indonesia regulatory change then please contact Mark Godson, contact details provided at the end of this document. Hyperlinks to the source documentation (Bahasa Indonesia for most items) are provided as appropriate.

Regulatory updates covered in this publication are as follows:

- Determination and Countermeasure for Energy Crises and/or Energy Emergencies
- Licensing Procedures for Unincorporated Business Entities Providing Electrical Support Services
- Standardization within the Trade Sector
- Good-Corporate-Governance Implementation Reporting by Financing Companies
- Voluntary Declaration of Customs Value for the Calculation of Customs Entries
- Procedures for the Imposition of Administrative Sanctions on Importers and Exporters

Energy and Natural Resources Sector

Determination and Countermeasure for Energy Crises and/or Energy Emergencies

Presidential Regulation No. 41/2016, which implements Article 6 and Article 12 of [Law No. 30 of 2007](#) on Energy, mandated that the government stipulate further procedures for the National Energy Council (Dewan Energy Nasional) with regards to

determining and surmounting any energy crises and/or energy emergencies. As stated in the regulation, energy crises and/or energy emergencies can be the result of:

- 1) technical operational conditions; or
- 2) national conditions.

This regulation sets out the role of downstream oil-and-gas companies and power companies with regards to assisting the government as it attempts to address any of such crises or emergencies. This regulation is of relevance to energy companies, and has been in force since 10 May 2016.

(Issued regulation in Bahasa: [Presidential Regulation No. 41/2016](#))

Licensing Procedures for Unincorporated Business Entities Providing Electrical Support Services

Ministry of Energy and Mineral Resources ("MEMR") Regulation No. 12/2016 amends the [MEMR Regulation No. 35/2013](#) on Licensing Procedures for Electrical Power Companies. This amendment updates various provisions relating to licensing requirements and procedures for unincorporated business entities, which are engaged in the provision of supporting-electricity services. According to the amendment, unincorporated business entities, which previously were not able to engage in support services, may now engage in the construction and assembly of low-voltage electrical installations after obtaining an Electrical Power Support Services License from the Director General of Electricity. Unincorporated business entities are allowed to engage in projects which have an installed-power capacity of up to 900 VA (volts-ampere) and have employed standard installation schemes. Furthermore, such businesses must be registered in their relevant work districts. The amendment has been in force since 4 May 2016.

(Issued regulation in Bahasa: [MEMR Regulation No. 12/2016](#))

Consumer and Industrial Markets Sector

Standardization within the Trade Sector

Ministry of Trade ("MoT") Regulation No. 24/M-DAG/PER/4/2016 on Standardization within the Trade Sector was issued on 7 April 2016 and will come into force on 7 November 2016. This regulation repeals and replaces the [MoT Regulation No. 14/M-DAG/PER/3/2007](#), which was most recently amended by [MoT Regulation No. 72/M-DAG/PER/9/2015](#).

This regulation sets provisions on the following matters:

- Formulation and implementation of Indonesian National Standard ("SNI"), Technical Requirements and/or the Qualifications and Personal Competency for goods or services within the trade sector;
- Pre-market surveillance of goods which are subjected to mandatory SNI and/or Technical Requirements;
- Registration of the Compliance Assessment Institution (Lembaga Penilaian Kesesuaian), which is responsible for examining the compliance of SNI goods or Technical Requirement; and
- Development of standardization within the trade sector.

(Issued regulation in Bahasa: [MoT Regulation No. 24/M-DAG/PER/4/2016](#))

Financial Services Sector

Good-Corporate-Governance Implementation Reporting by Financing Companies

Financial Services Authority ("OJK") Circular Letter No. 15/SEOJK.05/2016 on Good-Corporate-Governance ("GCG") Implementation Reporting by Financing Companies sets out further guidelines for conventional and sharia-based financing companies to prepare reports on the implementation of the GCG principles, as mandated by [OJK Regulation No. 30/POJK.05/2014](#) on GCG for Financing Companies. This regulation stipulates financing companies to assess the implementation of five main elements, which relate to the GCG principle, namely: transparency, accountability, responsibility, independence and fairness, as they apply to their various business activities. Financing companies must also incorporate action plans and various corrective actions, in order to improve the implementation of GCG principles in their companies, along with the specific dates of completion, as well as the problems that may arise during the implementation of such plans or actions

(Issued regulation in Bahasa: [OJK Circular Letter No. 15/SEOJK.05/2016](#))

Customs Regulations

Voluntary Declaration of Customs Value for the Calculation of Customs Entries

Ministry of Finance ("MoF") Regulation No. 67/PMK.04/2016 on Voluntary Declaration of Customs Value for the Calculation of Customs Entries introduce the process of "voluntary declaration". Considering that the final transaction value often could not be ascertained accurately due to further costs will be incurred in the future, importers are now allowed to use an estimated transaction value as the basis of their import payable calculation. This regulation further governs the obligation of importers in the voluntary declaration of custom value and the requirements to determine future price, royalty and proceeds, which are the components for the calculation of transaction value for custom purpose. Importers are required to undertake "voluntary payments" in order to cover any difference if, at a later date, the estimated transaction value is found to be lower than the actual transaction value. Consequently, importers are also obliged to settle any underpaid import duty and/or import tax to the customs office. This regulation is of relevance to all importers and has been in force since 27 May 2016

(Issued regulation in Bahasa: [MoF Regulation No. 67/PMK.04/2016](#))

Procedures for the Imposition of Administrative Sanctions on Importers and Exporters

Minister of Trade ("MoT") Regulation No. 36/M-DAG/PER/5/2016 sets out further details on the procedures to be followed when imposing administrative sanctions on importers/exporters who violate prevailing provisions on the export and import of goods, as mandated by article 43(3), 46(3), and 52(6) of [Law No.7 of 2014](#) on Trade. The regulation stipulates four types of administrative sanctions, namely: written warnings; postponements of any subsequent permit applications; permit suspensions and permit revocations. These various administrative sanctions can be imposed by the government either gradually or immediately. The government may only impose administrative sanctions if the violations in question are incorporated into the following documents: complaint reports, post-audit results, evaluation results prepared by the government and supervisory results prepared by officers appointed to oversee the trade sector. This regulation was issued on 13 May 2016, and will come into force 90 days as of its promulgation.

(Issued regulation in Bahasa: [Regulation No. 36/M-DAG/PER/5/2016](#))

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