

Indonesia Regulatory Update

September 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 Susanto, 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:

- Indonesian Crude Price Formula for July 2016 – June 2017 Period
- National Industry Information System
- Counter-Purchasing Provisions for the Importation of Goods for Public Procurement
- Reporting of Foreign Exchange Traffic
- Fit and Proper Test for Primary Parties of Financial Services Institutions

Energy and Natural Resources Sector

Indonesian Crude Price Formula for July 2016 – June 2017 Period

Ministry of Energy and Mineral Resources (“MEMR”) has issued Decree No. 6171K/12/ MEM/2016 regarding the new formula for calculating Indonesian Crude Price (“ICP”). Effective from 1 July 2016, the new formula for calculating ICP is Platts Dated Brent + Alpha. Alpha will be set every month, and will be calculated based on crude quality, international oil prices and national energy security. Alpha for main crude, such as: *Sumatran Light Crude/SLC, Arjuna,*

Attaka, Cinta, Duri, Widuri, Belida, and Senipah Condesate will be determined by the government on monthly basis. The new ICP formula will valid for one year, starting from July 2016 to June 2017. This Decree revokes the previous ICP calculation formula of 50% RIM + 50% Platts, which had been implemented since 2007.

(Issued regulation in Bahasa: [MEMR Decree No. 6171 K/12/MEM /2016](#))

Consumer and Industrial Markets Sector

National Industry Information System

Ministry of Industry (“MoI”) Regulation No. 42/M-IND/PER/6/2016 introduces the National Industrial Information System (*Sistem Informasi Industri Nasional – SIINas*), which is an integrated procedural and mechanical system for the provision, management, presentation, servicing and dissemination of industrial information at the MoI.

Companies’ classification in the SIINas system:

1. **Type A** - for any industrial company which currently holds an Industrial Business License (“IUI”);
2. **Type B** - for any industrial company which is currently applying for an IUI;
3. **Type C** - for individuals or groups which are engaging in non-industrial business activities;
4. **Type D** - for non-business groups, entities or institutions;
5. **Type E** - for industrial-zone companies which are holders of Industrial Zone Business Licenses (“IUKI”);
6. **Type F** - for any industrial-zone company which is currently applying for an IUKI.

Company seeking to secure a SIINas Account must first fill out the required registration form and upload all of the relevant supporting documents to the SIINas portal, according to the type of applicant that

they represent. This regulation has been in force since 1 July 2016.

(Issued regulation in Bahasa: [MoI Regulation No. 42/M-IND/PER/6/2016](#))

Counter-Purchasing Provisions for the Importation of Goods for Public Procurement

Ministry of Trade (“MoT”) Regulation No. 44/M-DAG/PER/6/2016 regulates that the importation of goods for public procurement at certain prices and/or as mandated by prevailing laws and regulations must be carried out through a counter-purchasing scheme (*imbal beli*), specifically a method of payment whereby the transaction is either partially or fully paid for with Indonesian export commodities instead of hard cash. The types and values of imported government-procurement goods and amount of any transaction that will be paid for under the counter-purchasing scheme, will be determined by a counter-purchasing team formed by the MoT. Directorate General of Foreign Trade will determine the list of commodities that can be used as payment in any counter-purchasing transactions, which must not include: oil-and-gas commodities and commodities prohibited from being exported. This regulation has been in force since 27 June 2016.

The counter-purchasing scheme can only be implemented by a supplier company which satisfies the following requirements:

1. Has secured a letter of undertaking from the Directorate General of Foreign Trade;
2. Has won a public-procurement bidding process; and
3. Has secured sales-and-purchase contract approval from the Directorate General of Foreign Trade.

(Issued regulation in Bahasa: [MoT Regulation No. 44/M-DAG/PER/6/2016](#))

Financial Services Sector

Reporting of Foreign Exchange Traffic

Bank Indonesia (“BI”) Regulation No. 18/10/PBI/2016 redefines the various procedures and requirements which have to be met by commercial banks with regards to the reporting of their Foreign Exchange Traffic (*Lalu Lintas Devisa -“LLD”*). This matter was previously regulated under [BI Regulation No. 13/21/PBI/2011](#). Under the new regulation, banks are required to include the supporting reports as an integral part of their LLD reports submission.

All commercial banks must submit complete reports of their LLD activities to BI, and these reports should incorporate the following information:

1. **Transaction reports:** consist of all transactions made by banks which affect the banks’ foreign financial assets and/or obligations. The new regulation requires classification of transaction based on the amount. Each transaction amounting to more than US\$10,000, must now be reported individually per transaction.
2. **Financial status report:** consist of financial-status logs and transaction-record logs which relate to banks’ foreign financial assets and/or obligations.
3. **Supporting reports:** banks are now required to present details of any export transaction undertaken by customers, as well as the related supporting documents.

Under the new regulation, customers who request any outgoing-transfer transactions amounting to more than US\$100,000 (or its equivalent in foreign currencies) are now obliged to submit relevant supporting documents to the banks. Banks are also obliged to notify BI if such transaction results in any reduction in the banks’ overseas gyro-account balance. This regulation has been in force since 30 June 2016.

(Issued regulation in Bahasa: [BI Regulation No. 18/10/PBI/2016](#))

Fit and Proper Test for Primary Parties of Financial Services Institutions

Financial Services Authority (“OJK”) Regulation No. 27/POJK.03/2016 governs fit and proper tests for prospective owners, managers, supervisors and/or parties with significant control over a financial services institution (namely a bank, securities company, investment advisor, insurance company, pension fund, financing company, guarantee institution, venture capital company or pawnbroker company). Article 2 of this regulation elaborates on the primary parties in each financial institution subject to a fit and proper test. This regulation revokes several provisions of [OJK regulation No. 4/POJK.05/2013](#) regarding fit and proper test for the main party in insurance, pension fund, financing, and guarantee companies, but other pertinent regulations regarding fit and proper tests in the financial services sector still apply, to the extent that they do not contravene provisions of this regulation. This regulation has entered into force on 1 August 2016 for financial institutions other than pawnbroker companies. For pawnbroker companies, this regulation will come into force 2 years after its promulgation date.

(Issued regulation in Bahasa: [OJK Regulation No. 27/POJK.03/2016](#))

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