

## Letter from the Editors

One piece of legal news that recently surfaced is the failure of the current government to issue new laws. Many new regulations continue to be produced by ministries, but at the level of laws, the Indonesian parliament has been notably slow with its work products. Reasons given include failure to provide academic drafts and the many recesses the parliament takes. To speed things up a Presidential Directive has been requested but its efficacy remains to be seen, although the long awaited new Banking Law is planned to be issued this year.

One main point for the new Banking Law which is being closely monitored but being kept under rather tight wraps is the limitations on foreign shareholdings in Indonesian banks. Nationalistic sentiments and fair protection of Indonesian interests seem to be driving forces in this regard. The Constitutional Court continues its ground breaking work continuing to give lawmakers and regulators more things to think about as it continues to not be afraid to hand down decisions of consequence.

Noticeable as a broader underlying trend is the continued consolidation and building of a sound financial system with a focus on a better spread of wealth and access to financial products and services that is slowly but surely being put in place. Despite continuing challenges, the overall direction of the Indonesian legal system continues on a positive trajectory. This Monthly Legal Review which reviews 38 recently issued regulations reflect these trends although as always their practical implementation remains to be seen.

## GENERAL CORPORATE

1. Minister of Agrarian and Spatial Affairs / Head of National Land Agency Regulation [No. 6 of 2015](#) on Amendment to the Head of National Land Agency Regulation [No. 5 of 2012](#) on Technical Guidelines on Land Procurement

Enforcement date: 28 April 2015

Summary:

- Adds new provisions in relation to land procurement in the public interest involving government institutions and state/regional owned enterprises (private entities): (i) type of land rights granted (right to manage, right to build and right to use); and (ii) source of funds to procure land, whether from the institution budget execution list (*Daftar Isian Pelaksanaan Anggaran - DIPA*) or the private entity's funds.
  - Provides that the concerned government institution must directly settle the procurement with the land owner specifically for land i not greater than 5 hectares.
  - Other matters covered are in regard to: Approval Letter for Location Development (*Surat Persetujuan Penetapan Lokasi Pembangunan/SP2LP*) or Location Development Determination (*Penetapan Lokasi Pembangunan*) that have not been settled which must reference the process with [Law No. 2 of 2012](#) and its implementing regulations; (ii) renewal of SP2LP or Development Location Arrangement for two years which is extended by the same issuing authority; (iii) etc.
2. Minister of Agrarian and Spatial Affairs / Head of National Land Agency Regulation [No. 5 of 2015](#) on Location Permits

Enforcement date: 28 April 2015

Summary:

- Provides provisions on: a) procedures and requirements to obtain a location permit; and b) monitoring and evaluation of location permits.
- A location permit is granted to companies for obtaining and utilizing land for investment.
- Monitoring and evaluation of location permits to be held in tiers at the national level, provincial level, and regency/city level.
- Repeals and replaces Minister of Agrarian and Spatial Affairs / Head of National Land Agency Regulation [No. 2 of 1999](#) on the same matter.

3. Head of Indonesia Investment Coordinating Board [No. 6 of 2015](#) on Control of Gratification Payments at the Indonesia Investment Coordinating Board (BKPM)

Enforcement date: 21 April 2015

Summary:

- All employees working for/with the BKPM are prohibited from receiving any form of gratification due to his/her position in carrying out their duties and obligations at BKPM.
- Sets out the types of gratification benefits that must be reported and the procedures to report it (money, goods, discounts/rebates/commissions, financial facilities, travel and lodging facilities, interest free loans, medical facilities and the like).
- Gratification control at the BKPM is done by the Head of BKPM who will establish a gratification control team that will forward gratification reports to the Corruption Eradication Commission.

4. Head of Indonesia Investment Coordinating Board [No. 5 of 2015](#) on Guidelines in Controlling Conflicts of Interest at the Indonesia Investment Coordinating Board (BKPM)

Enforcement date: 21 April 2015

Summary:

- Sets out details on guidelines for controlling conflicts of interest at BKPM, with details set out in the regulation's Annex.
- Conflicts of interest include: (i) situations involving gratification for belated submission of annual income taxes tax returns (SPT) prior to the 2014 tax year, and/or periodical tax reports prior to the December 2014 tax year; (ii) situations involving the utilization of assets/position/the institution for individual and/or group interests.
- Repeals and replaces Head of BKPM Regulation No. 2 of 2013 on the same matter.

5. Government Regulation [No. 21 of 2015](#) on Procedures to Register Fiducia Security Rights and Fees to Draw up a Fiducia Security Deed

Enforcement date: 6 April 2015

Summary:

- Provides requirements and procedures for fiducia security right holders to register their fiducia security with the Minister of Law and Human Rights, which is now processed via the Fiducia Security Registration Office portal.
- Provides provisions on correction of information in a fiducia certificate, as well as the circumstances which result in the termination of a fiducia security certificate.
- Sets the fees to draw up a fiducia notary deed, as follows: (i) 2.5% of the value of debt if the value is lower than IDR 100 million; (ii) 1.5.% of the value of debt if the value is IDR 100 million to 1 billion; or (iii) based on agreement between the notary and the parties for debt value greater than IDR 1 billion, provided that the fee does not exceed 1% of the fiducia-security object's value.
- Repeals and replaces Government Regulation [No. 86 of 2000](#).
- For more information, see ILB [No. 2633](#).

6. [Draft Government Regulation](#) on Organizing Pension Benefit Programs

Enforcement date: not available (still under discussion)

Summary:

- Provides guidelines on organizing pension benefit programs as mandated by Article 42 (2) of Law [No. 40 of 2004](#) on National Social Security System.
- Pension benefit programs are comprised of the retirement pension, disability pension, widow/widower pension, child pension, and parent pension.
- Mandates private sector employers to register their employees with the Social Security Agency for Labor ("BPJS Labor") and applies an 8% monthly premium based on the participant's monthly salary.
- Provides details on the following: (i) procedures to register employees; (ii) basis to calculate premiums; (iii) deadline to pay premiums; (iv) benefit payment formula; and (v) sanctions for non-compliance (criminal and administrative sanctions).
- For more information, see ILB [No. 2629](#).

## TAXATION

7. Minister of Finance Regulation [No. 91/PMK.03/2015](#) on Reduction or Elimination of Administrative Sanctions for Late Submission, Revision of Tax Notification Letter (SPT), and Late Tax Payment or Deposit

Enforcement date: 4 May 2015

Summary:

- Director General on Tax grants Taxpayer to apply for a reduction or nullification of administrative sanctions due to their negligence or mistake in reporting and paying/depositing tax.
- The reduction or nullification of administration applies to: (i) belated submission of SPT for the 2014 tax year, and/or periodical tax reports for the 2014 tax year; (ii) belated payment or underpayment based on SPT prior to 2014 tax year, and/or one periodic report within the 2014 tax year; and (iii) correction of an SPT prior to 2014 tax year and/or periodic tax return prior to 2014 tax year.

8. Head of Indonesia Investment Coordinating Board [No. 8 of 2015](#) on Procedures to Submit Income Tax Facilities for Investment in Certain Business Fields and Areas

Enforcement date: 6 May 2015

Summary:

- Grants tax concessions to investing taxpayers who engage in: (i) certain business as set out under Annex I of Government Regulation [No. 18 of 2015](#) on Income Tax Concessions for Investment in Certain Fields and/or Areas.
  - Taxpayers that want to apply for a tax concession must have: (a) principal permit and its amendment issued by BKPM; (b) principal extension permit and its amendment issued by BKPM; or (c) other investment permits issued by other authorized institutions.
  - Sets out the procedures to submit tax allowances in detail, e.g., application must be duty stamped, supported by tax identification number (NPWP), validation as a limited liability company, etc.
9. Minister of Finance Regulation [No. 86/PMK.010/2015](#) on Amendment to Regulation [No. 100/PMK.03/2011](#) on Procedures in Calculating and Paying Income Tax due to Bank Indonesia Surplus

Enforcement date: 28 April 2015

Summary:

- Redefines the characteristics of a Bank of Indonesia (BI) surplus as: (i) acknowledgement of foreign currency gains/losses; (ii) acknowledgement of asset allowance costs; (iii) acknowledgement of direct degradation value of asset costs; and (iv) depreciation of fixed assets.
  - Acknowledgement of foreign currency gains/losses as income or a cost for calculating the amount of taxable income based on bookkeeping system applied according to Financial Accounting Policy of BI.
  - The amendment applies to the 2014 fiscal year and onwards.
10. Minister of Finance Regulation No. [90/PMK.010/2015](#) on Amendment to Regulation [No. 253/PMK.03/2008](#) on Corporate Taxpayer as Income Tax Collector from Buyer of Luxury Goods

Enforcement date: 30 May 2015

Summary:

- Amends the classification of luxury goods as follows: (i) private airplanes and helicopters; (ii) cruisers, yachts and the like; (iii) house and land with a value  $\geq$  IDR 5 billion or area  $\geq$  400m<sup>2</sup>; (iv) apartment, condominium, and the like with a value  $\geq$  IDR 5 billion or area  $\geq$  150m<sup>2</sup> (v) 4 wheeled motor vehicle with passenger capacity less than 10 people with a value  $\geq$  IDR 2 billion or cylinder capacity  $\geq$  3,000cc such as jeeps, suvs and the like; and/or (vi) 2 and 3 wheeled motor vehicles with a value  $\geq$  IDR 300 million or cylinder capacity  $\geq$  250cc.
  - Exemptions apply for buyers classified as non-taxpayers, without the requirement to produce a letter of exemption from income taxes.
  - The sale of a motor vehicle subject to tax under this regulation exempts other tax obligations under other regulations.
11. Minister of Finance Regulation [No. 89/PMK.010/2015](#) on Procedures for Granting Income Tax Concessions for Investment in Certain Business Fields and Areas Including Transfer of Assets and Sanctions for Domestic Corporate Taxpayers that Obtained Income Tax Concessions

Enforcement date: 6 May 2015

Summary:

- Grants income tax concessions to an investing business entity such as: (i) 30% net income reduction on tangible fixed asset investments for six years; (ii) accelerated depreciation for tangible assets and accelerated amortization for intangible assets.
- Provides further details on requirements, procedures and sanctions regarding income tax concessions.
- Taxpayers that obtain income tax concessions must submit the following reports to the Director General of Tax: (i) investment realization amount; (ii) production realization quantity; (iii) list of fixed assets.
- Repeals and replaces Regulation [No. 144/PMK.011/2012](#)

12. Government Regulation [No. 18 of 2015](#) on Income Tax Concessions for Investment in Certain Fields and/or Areas (“Regulation”)

Enforcement date: 6 May 2015

Summary:

- Sets out new income tax concessions for taxpayers in certain fields and/or certain fields and areas as specified under Appendix I and II of the Regulation, respectively.
- The tax concessions are comprised of: (i) income tax reduction; (ii) accelerated depreciation on tangible assets or amortization of intangible assets; (iii) imposition of income tax on dividends for foreign taxpayers who do not operate under a permanent establishment; and/or (iv) compensation for losses.
- Repeals and replaces Government Regulation [No. 1 of 2007](#), as amended by Government Regulation [No. 62 of 2008](#) and Government Regulation [No. 52 of 2011](#).
- For more information, see ILB [No. 2639](#).

## MISCELLANEOUS

13. Minister of Transportation Regulation [No. PM 84 of 2015](#) on Civil Aviation Safety Regulations Part 35 on Airworthiness Standards : Propellers

Enforcement date: 6 May 2015

Summary:

- Sets up airworthiness guidelines for propellers in the Appendix in detail covering: configuration; design and construction; installation and operation; tests and inspections; and instructions for continued airworthiness.
- The Director General of Air Transportation will oversee the implementation of this regulation.
- Repeals and replaces Minister of Transportation Decree No. KM 90 of 1993 on Procedures, Airworthiness Standards, Wasted Fuel, Exhaust Gas, Noise, and Aircraft Markings, Annex IX on Airworthiness Standards: Propeller.

14. Minister of Transportation [No. PM 82 of 2015](#) on Exemptions from Mandatory Safety, Security, and Service Standards for Civil Aviation

Enforcement date: 6 May 2015

Summary:

- Airlines are given waivers on Mandatory Safety, Security, and Service Standards for Civil Aviation under certain conditions such as: (i) geographical location; (ii) emergency conditions; (iii) unavailability of competent personnel; etc.

- Evaluation basis for giving a waiver includes: (i) aviation safety and security aspects of aviation; (ii) relevant state laws and regulations on aviation; (iii) for airlines operating outside Indonesia, ICAO documents and relevant regulations from an aviation authority of foreign countries; (iv) risk assessment and mitigation; (v) other relevant information.
- Repeals and replaces the provisions regarding exemptions contained in Minister of Transportation Regulation No. KM 15 of 2009 on Civil Aviation Safety Regulation Part 11: Procedural Requirements for Amending and Repeal of, and Granting or Denying, Petition for Exemption and Special Conditions from the Civil Aviation Safety Regulations.

15. Minister of Transportation [No. PM 80 of 2015](#) on Amendment to Regulation [No. PM 26 of 2012](#) on Ferry Transportation

Enforcement date: 28 April 2015

Summary:

- Amends the requirements for Ferry Transportation Services to be: a) carried out by private entities; b) serve pre-determined crossing routes; c) carried out by ferry motor boats (*kapal motor penyeberangan - KMP*); d) operate according to regular and fixed schedule service procedures and systems.
- Amends the considerations to increase transport capacity such as: (i) ferry capacity; (ii) infrastructure and port facilities; (iii) capability to serve a route.

16. Minister of Transportation [No. PM 77 of 2015](#) on Standardization and Certification of Airport Facilities

Enforcement date: 30 April 2015

Summary:

- "Flight Safety" is the condition where the safety requirements for utilizing air space, airships, airports, air transportation, flight navigation as well as other general and support facilities are fulfilled. It is measured by standardization and certification of all airport facilities involved in the assurance of comfort and convenience - as well as the flight safety itself - to both passengers and airships.
- Sets out that the standardization under the regulation is to be comprised of: (a) standards of necessity; (b) technical standards; (c) standards of worthiness. Standardization compliance will be overseen by the Director General of Air Transportation, who is also responsible for issuing certification certificates for: (a) airport infrastructure; and (b) airport equipment and facilities.
- Holders of certificates who fails to comply with its related obligations will be subject to administrative sanctions (written warnings, degradation or limitations on capacity, certificate suspension, certificate revocation, or fines).

17. Minister of Agrarian and Spatial Affairs / Head of National Land Agency Regulation [No. 4 of 2015](#) on National Agrarian Program (PRONA)

Enforcement date: 28 April 2015

Summary:

- The National Agrarian Program (*Program Nasional Agraria - PRONA*) is a series of mass land certification in villages, municipalities, and the like.
- Provides legal certainty for land right holders in Indonesia by providing cheap, fast, easy and simple first-time land right registration services.

- Classifies the types of land that can be registered (former customary land, state land, or land located within a village jurisdiction). The maximum land area for farm land under PRONA is set at 2 hectares for Java, and 4 hectares for islands outside Java. Plantation land (including land and fixtures) is set at 1 hectare for Java, and 2 hectares for islands outside Java. Land for other purposes held by legal/social entities, religious institutions is set at 500 m<sup>2</sup>.
- Repeals and replaces Minister of Agrarian and Spatial Affairs / Head of National Land Agency Regulation [No. 1 of 2015](#) on the same matter and the Land Registry Office (*Badan Pertanahan Nasional/BPN*) Prona Technical Directive of 2013.

18. Minister of Finance Regulation [No. 83/PMK.01/2015](#) on Restraints on Gratitude Payments at the Ministry of Finance

Enforcement date: 23 April 2015

Summary:

- Determines the type of gratitude payments that must be reported and their exclusion by officers of the Ministry of Finance to the Graft Control Special Unit (*Unit Pengendali Gratifikasi/UPG*).
- Officers of the Ministry have 7 days to report a gratitude that they receive to the UPG, which will then be forwarded to the Corruption Eradication Commission (KPK). Reports made after the 7 day deadline will require the related officer to directly report to the KPK.
- Graft in the form of money must be transferred to the KPK's bank account, while graft in the form of goods must be directly handed over to the KPK.
- For more information, see ILB [No. 2651](#)

19. Minister of Finance Regulation [No. 80/PMK.01/2015](#) on Execution of Judicial Decisions

Enforcement date: 16 April 2015

Summary:

- Sets out the procedures to demand compensation from the State via the Minister based on court decisions or arbitral awards.
- Criteria to demand payment from the Minister are: a) must be based on a final and binding court or tribunal decision that has been validated by the court; b) the decision or award orders the State to pay a certain amount of money; and c) the decision is not part of the government's responsibility.
- Parties who are entitled to compensation from the State, their attorney-in-fact, or heirs, may submit an application to the Minister along with an original copy of the court decision or tribunal award and a copy of the applicant's identity document.
- The application will be verified by the Secretary General and the Head of Legal Assistance Bureau at the Ministry, before the Minister forms a special team to organize the payment process.
- For more information, see ILB [No. 2642](#).

20. Constitutional Court Decision [No. 21/PUU-XII/2014](#) on Judicial Review of Law No. 8 of 1981 on Criminal Procedural Law

Enforcement date: 28 April 2015

Summary:

- Declares that the act of investigators, including the naming of a person as a suspect and searching and seizing evidence in criminal cases can be challenged at a pretrial.
- Provides that preliminary evidence (*bukti permulaan*), sufficient preliminary evidence (*bukti permulaan yang cukup*), and sufficient evidence (*bukti yang cukup*), which is a requirement to name a suspect, make an arrest, and detain a suspect refers to at least two items of valid evidence (*dua alat bukti yang sah*).
- For more information, see ILB [No. 2634](#).

21. Minister of Transportation Regulation [No. PM 75 of 2015](#) on Analysis on Impact of Traffic

Enforcement date: 17 April 2015

Summary:

- Sets out procedures for developers of public and private facilities/infrastructure to draft and submit analysis on the impact of traffic should their work disturb surrounding traffic flows.
- Developer must appoint a certified consultancy agency to draft the traffic impact analysis and submit it to Minister (for national roads), governor (for provincial roads), regent (for regency/village roads), or mayor (for city roads) where the project takes place.
- The traffic impact analysis is one of the requirements for the developer to secure a location permit, building permit, or specific building permit as required under the law.
- The traffic impact analysis must at least cover the 10 aspects set out in Article 9 (2) of the regulation, covering: analysis methodology; current traffic situation; consequences of project on traffic; traffic flow engineering plan; evaluation; responsibilities of the developer and government, etc.

22. Minister of Transportation Regulation [No. PM 74 of 2015](#) on Organizing and Managing Freight Forwarding Services Businesses

Enforcement date: 16 April 2015

Summary:

- Sets out guidelines for operating freight forwarding businesses which provide services to deliver goods via land, water, and/or air transportation, covering: (i) determining the safest delivery route; (ii) packing the goods; (iii) managing insurance for delivering the goods; (iv) preparing and/or examining relevant documents.
- A business that wishes to conduct a freight forwarding business must obtain a business license from respective governor by satisfying certain administrative and technical requirements that are different from one type of the business to another (joint venture or non-joint venture company).
- A business that has secured a freight forwarding business license must also comply with a number of additional regulatory requirements including: a) Implement relevant regulations on freight forwarding services; b) Organize operational activities for three consecutive months after securing a license; c) Provide monthly reports to the issuing governor and respective local port authority or other transportation authority on the tenth day at the following month; d) Provide an annual written report to the issuing governor and respective local port authority or other transportation authority on 1<sup>st</sup> February of following year; and e) Take out insurance to cover delivered goods and other liabilities in conducting the freight forwarding services.
- Repeals and replaces Ministerial Decree [No. KM 10 of 1988](#), as amended by Ministerial Decree [No. 10 of 1989](#).
- For more information, see ILB [No. 2640](#).



## ENERGY AND NATURAL RESOURCES

### 23. Minister of Energy and Mineral Resources Regulation [No. 15 of 2015](#) on Management of Soon to Expire Oil and Gas Working Areas

Enforcement date: 11 May 2015

Summary:

- Provides that an Oil and Gas Cooperation Contract that will expire is to be treated and continued under one of the following options: (i) Managed by Pertamina; (ii) Renewed by the contractor; (iii) Jointly managed by Pertamina and the contractor.
- The Minister is to ensure that any new cooperation contract conforms with the principles of: (i) beneficial to the state; (ii) distributes participation interest between involved parties based on common business practices (participation of Pertamina 15% and Regional Owned Enterprise 10%).
- In case the Minister rejects all follow-up applications, the Working Area will be offered to the public by way of a public auction.

### 24. Minister of Environmental Affairs and Forestry Regulation [No. P.16/MenLHK-II/2015](#) on Second Amendment to Minister of Forestry Regulation [No. P.34/MENHUT-II/2010](#) on Procedures to Convert the Function of Forest Areas

Enforcement date: 8 April 2015

Summary:

- Simplifies the reporting procedures of the Integrated Research Team, *i.e.* only has to forward its recommendation and research results to the Minister via the Director General.
- Simplifies the process of approving and rejecting applications *i.e.*, the Minister only needs to issue a Letter of Rejection to the Applicant or a Ministerial Decree on converting the function of a certain forest area including a map (annex), which is dependent on the Integrated Research Team's recommendation.

### 25. Minister of Environmental Affairs and Forestry Regulation [No. P.12/MENLHK-II/2015](#) on Industrial Plantation Forests

Enforcement date: 30 March 2015

Summary:

- Specifies two main requirements for industrial forest areas: (i) the area is located in a production forest area that is not encumbered with any land rights; and (ii) unproductive forestry area (prioritized).
- Provides 11 different criteria for arranging the spatial plan for an industrial forest area.
- Businesses are required to secure a Timber Utilization Business Permit for Industrial Forest in a Production Forest (*Izin Usaha Pemanfaatan Hasil Hutan Kayu Dalam Hutan Tanaman Industri Pada Hutan Produksi*) from the Minister before utilizing timber in an industrial forestry area.
- Repeals and replaces: (i) Ministerial Decree No. 70/Kpts-II/95 on Spatial Provisions for Industrial Forests, as amended several times and recently by Ministerial Regulation No. [P.21/Menhut-II/2006](#); and (ii) Ministerial Regulation No. [P.03/Menhut-II/2008](#) on Delineation of Industrial Forest License Areas for Timber Utilization at Industrial Forests in Plantation Forests.
- For more information, see ILB [No. 2643](#)

26. Minister of Environmental Affairs and Forestry (“Minister”) Regulation [No. P.13/Menlhk-II/2015](#) on Business Licenses for Primary Industry Forestry Products

Enforcement date: 30 March 2015

Summary:

- Redefines the requirements and procedures to secure licenses for utilizing forestry products from forest areas, namely: (i) Primary Business Permit for Timber Products; (ii) Primary Business Permit for Non-Timber Products; (iii) Community Timber Processing Industry; and (iv) Portable Timber Processing Industry.
- Repeals and replaces the Ministerial Regulation [No. P.55/MENHUT-II/2014](#).
- For more information, see ILB [No. 2646](#).

27. Minister of Public Work and Public Housing Regulation [No. 09/PRT/M/2015](#) on Utilization of Water Resources

Enforcement date: 16 April 2015

Summary:

- Sets out detailed provisions that were not incorporated under, and to supplement, Law [No. 11 of 1974](#) on Water, covering: a) Basic principles in utilizing water resources; b) Utilization of water resources, both indirect utilization (for transportation, fisheries, sport, tourism) and direct utilization (for households, irrigation, drinking water); and c) Utilization of water in emergency circumstances.
- The Minister and Head of Regional Governments will implement a zoning system for water resource areas for organizing the indirect utilization of water (i.e. water transportation, fisheries, water sports, and tourism). The zoning framework will act as the basis for the government or BUMN/BUMD (Water Organizer) to issue technical recommendations for water utilization.
- Mandates water conservation measures be taken by research and educational institutions, Water Organizers, and water users, when performing direct utilization of water resources (i.e. household activities, irrigation, drinking water, industrial use, accommodation, and other businesses or activities).
- For more information, see ILB [No. 2641](#).

28. Minister of Agriculture Regulation [No. 11/Permentan/OT.140/3/2015](#) on Indonesian Sustainable Palm Oil Certification System

Enforcement date: 25 March 2015

Summary:

- Sets out the procedures for palm oil businesses in undergoing the Indonesian Sustainable Palm Oil (ISPO) Certification at the Ministry. This regulation ensures that businesses comply with the requirements under the law relating to economic, social, and environmental obligations.
- ISPO certification may be performed on a mandatory or voluntary basis, depending on the business type.
- There are four types of ISPO according to the business type, namely: a) Certification for Plantation Business; b) Certification for Plasma Plantation Business; c) Certification for Independent Plantation Business; and d) Certification of palm oil for renewable energy.
- A business that owns a plantation but does not have a processing facility may only supply their products to a Business holding an ISPO Certificate. A similar obligation also applies to businesses that only perform processing activities without having their own plantation, which must also only receive products from businesses holding an ISPO Certificate.

- Repeals and replaces Ministerial Regulation [No. 19/Permentan/OT.140/3/2011](#)
- For more information, see ILB [No. 2644](#).

## TRADE

29. Head of the Commodity Futures Trading Regulatory Agency (“Bappebti”) Regulation [No. 121/BAPPEBTI/PER/04/2015](#) on Technical Guidelines for Trading Pure-Tin-Bullion for Export Purposes via the Futures Exchange

Enforcement date: 20 April 2015

Summary:

- Sets the criteria of tin-bullion that can be traded on the futures exchange: (i) weight 25 kilograms with a  $\pm 2$  kilogram discrepancy tolerance; and (ii) contain 99.9 percent (minimum) stannum.
- A transaction can be conducted after the following documents are secured: (i) Certificate of Origin; (ii) Certificate of Analysis from a surveyor; (iii) a warehouse receipt from the storage organizer.
- The clearing house will issue a Tin-Bullion Receipt Purchase from the Futures Exchange (*Bukti Pembeian Timah dari Bursa*) and provide shipping instruction to the seller and the clearing house after the buyer settles the payment.
- Repeals and replaces the Head of Bappebti Regulation [No. 104/BAPPEBTI/PER/08/2013](#)
- For more information, see ILB [No. 2648](#)

30. Minister of Trade Regulation [No. 22/M-DAG/PER/3/2015](#) on Provisions and Procedures to Issue Indonesian Certificates of Origin

Enforcement date: 1 April 2015

Summary:

- Provides guidelines for exporters to secure a certificate of origin (*surat keterangan asal - “SKA”*), a required support document necessary for exporting goods from Indonesia.
- There are two types of SKA subject to the Regulation, namely: a) Preferential SKA, a requirement to obtain an import duty reduction or exemption from the importing country; and b) Non-Preferential SKA, requested by the importing country that exclude customs concessions.
- Before applying for an SKA, an exporter must secure an “access right” from the SKA Issuing Authority (*Instansi Penerbit SKA - “IPSKA”*).
- Once an access right is obtained, the exporter may submit an application to secure an SKA by completing the SKA form through the e-SKA system.
- Individual applicants may submit their application to any IPSKA, while corporate applicants must submit their application to the IPSKA in the area where the goods are produced.
- Repeals and replaces Ministerial Regulation [No. 33/M-DAG/PER/8/2010](#) and Ministerial Regulation [No. 59/M-DAG/PER/12/2010](#).
- For more information, see ILB [No. 2630](#).

## FINANCIAL SERVICES

31. Financial Services Authority Regulation [No. 7/POJK.04/2015](#) on Amendment to Regulation [No. 4/POJK.04/2014](#) on Procedures in Collecting Administrative Sanctions in form of Fines within the Financial Services Sector

Enforcement date: 5 May 2015

Summary:

- Debiting administrative fines from the commercial banks account in Bank Indonesia (BI) is deleted. Provisions on filing an objection after commercial banks account at BI are debited by the OJK has also been deleted.

32. Financial Services Authority Circular Letter [No. 11 /SEOJK.03/2015](#) on Transparency and Publication of Conventional Commercial Bank Reports

Enforcement date: 17 April 2015

Summary:

- Bank reports are to provide information on financial standings, Bank performance and operations. The report should consist of: (i) Monthly Publication Report; (ii) Quarterly Publication Report; (iii) Annual Publication Report; and (iv) Other types of reports.
- Repeals and replaces the following regulations:
  - BI Circular Letter No. 3/30/DPNP, dated 14 December 2001 as amended several times, most recently by BI Circular Letter No. 13/30/DPNP, dated 16 December 2011 on Third Amendment to BI Circular Letter No. 3/30/DPNP on Publications of Monthly and Quarterly Financial Reports and Certain Reports submitted to BI; and
  - BI Circular Letter No. 14/35/DPNP, dated 10 December 2012 on Publications of Annual Reports of Conventional Banks and Certain Annual Reports to be submitted to BI.

33. Financial Services Authority (OJK) Regulation [No. 3/POJK.05/2015](#) on Pension Fund Investments

Enforcement date: 16 April 2015

Summary:

- Sets out provisions on managing investment activities by pension fund organizers established by an employer (*Dana Pensiun Pemberi Kerja - "DPPK"*) or a financial services institution (*Dana Pensiun Lembaga Keuangan - "DPLK"*).
- Regulates that pension fund organizers may invest the fund they manage into 17 types of investment activities (e.g., bank deposits, securities, mutual funds, land and buildings).
- Requires DPPK managers to: (i) possess a professional certificate issued by the related professional agencies; (ii) undergo a continuous professional development program once a year; (iii) provide their professional certificates to the OJK by 31 December 2015.
- Mandates DPPK founders and/or board of supervisors to establish investment objectives which must be set out in an annual investment plan.
- For more information, see ILB [No. 2650](#)

34. Financial Services Authority (OJK) Regulation [No. 4/POJK.03/2015](#) on Good Corporate Governance for Rural Banks

Enforcement date: 1 April 2015

Summary:

- Provides guidelines for rural banks to implement the mandatory good corporate governance (GCG) principles, involving and covering the following criteria: transparency, accountability, responsibility, independency, and fairness.
- Rural banks must implement the GCG principles to all of their activities at every level, including risk management and applying prudent principle.
- Rural banks must produce an annual report on their GCG implementation annually and submit it within four months of producing it starting 31 December to the shareholders, OJK, rural banks association, one (minimum) financial and economic media outlet as well as publish the report on their website (if applicable).
- OJK will evaluate the rural bank's self-assessment results and the respective bank must submit its plans to rectify any problems for which OJK may conduct specific examinations on the remedial measures to be taken by the bank.
- For more information, see ILB [No. 2645](#)

35. Financial Services Authority (OJK) Regulation [No. 5/POJK.03/2015](#) on Mandatory Minimum Capital and Core Capital for Rural Banks

Enforcement date: 1 April 2015

Summary:

- Specifies two types of rural banks' capital: (i) core capital or tier 1 capital, comprised of main core capital and additional core capital; and (ii) supplementary capital or tier 2 capital, including capital that falls under certain criteria, revaluation surplus of fixed assets, and Productive Asset Elimination Reserve (*Penyisihan Penghapusan Aset Produktif*) at a maximum 1.25% of the risk-weighted asset value.
- Rural banks must maintain a minimum capital ratio of 12% (minimum) of their risk-weighted asset value and tier 1 Capital of 8% (minimum) of their risk-weighted asset value as well as preserve their minimum core capital of IDR 6 billion at all times.
- Sets out timeframes and deadlines for rural banks to comply with the prescribed capital requirements.
- Repeals and replaces the Bank Indonesia Regulation [No. 8/18/PBI/2006](#), with the exception of Articles 2, 3, 4, and 5 which remain valid until 31 December 2019.
- For more information, see ILB [No. 2649](#).

36. Government Regulation [No. 20 of 2015](#) on Public Accountant Practices

Enforcement date: 6 April 2015

Summary:

- Sets out standards for public accountants association in organizing the Certified Public Accountant (CPA) exams, professional development programs, and professional standards for public accountants.
- Limits the assurance services that can be provided by public accountants to a company in the capital market, for commercial banks, pension fund companies, insurance and reinsurance companies, and state owned enterprises in which the public accountant and its affiliated parties may now only provide historical financial audits for five consecutive years (maximum).

- Enables local public accountant offices to engage in cooperation with foreign counterparts after securing approval from the Minister of Finance.
- Provides administrative sanctions for non-compliance (e.g. written warnings, license suspension or revocation).
- For more information, see ILB [No. 2635](#)

37. Bank Indonesia Regulation [No. 17/4/PBI/2015](#) on Sharia-Based Interbank Money Market

Enforcement date: 27 April 2015

Summary:

- Provides procedures and requirements for sharia banks to carryout interbank money market activities with other sharia banks, sharia business units, and/or conventional bank.
- Under the sharia-based interbank money market, sharia banks and sharia business units may place or receive funds, while conventional bank may only place funds.
- Sharia banks and sharia business units may only use interbank money market instruments that have been approved by Bank Indonesia. Alternatively, using a new instrument is possible by lodging an application with Bank Indonesia, and by getting an approval (*fatwa*) from the national sharia board.
- Parties in the interbank money market selling sharia securities must use sharia repurchase agreements with a term of no longer than one year.
- Repeals and replaces Bank Indonesia Regulation [No. 9/5/PBI/2007](#), as amended by Bank Indonesia Regulation [No. 14/1/PBI/2012](#).

38. Minister of Finance Regulation [No. 84/PMK.05/2015](#) on Procedures for Withdrawing Foreign Loans and Grants

Enforcement date: 24 April 2015

Summary:

- Provides guidelines for the government to withdraw, distribute, and disburse loans and grants received from foreign creditors/grantors.
- The Regulation does not apply to foreign loans and grants received directly by ministries or state institutions that are not subject to validation by the State Treasury Service Office.
- Provides five draw down methods by the government, namely: a) transfer to State Account; b) direct payment; c) transfer to State's Special Account; d) letter of Credit (L/C); and e) Pre-financing.
- Repeals and replaces Ministerial Regulation [No. 151/PMK.05/2011](#).
- For more information, see ILB [No. 2647](#).