

## Indonesia's 16<sup>th</sup> Economic Policy Package: More Efficient and Integrated Business Licensing Procedures

by Galih Adi Prasetya

The Government of the Republic of Indonesia is still honouring their commitment to tackle obstacles arising from their businesses regulations, especially in the investment sector. Recently, Indonesian President Joko Widodo signed Presidential Regulation No. 91 of 2017 regarding Acceleration of Business Implementation (“**Perpres No. 91/2017**”). As per Indonesia's 16th Economic Policy Package, Perpres No. 91/2017, is expected to be a pivotal regulation that could change the paradigm of the bureaucratic body in Indonesia that is still viewed as a “license grantor” and not a “serving body”. Another key purpose of Perpres No. 91/2017 is to integrate and optimize business licensing procedures in Indonesia.

The provisions in Perpres No. 91/2017 were divided into 2 phases regarding the Acceleration of Business Implementation. The first phase contains 3 steps that are required to be performed by the governing body. The first step is the formation of task forces to implement business licensing processes, which consist of a National Task Force, Ministerial Task Force, and Regional Task Force (Province and District scope Task Force). The second step is to oversee the application of licensing checklists for special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas. And the third step is the implementation of licensing outside of special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas using data sharing.

To summarize, the first phase of Perpres No. 91/2017 was focused on establishment of the task force body in order to have an integrated system of business licensing in Indonesia. With the formation of task force in every sector of Indonesia's government hierarchy (from National scope to Regional scope), it is believed that the government will have more systematic



control of business licensing in Indonesia. Besides this, the first phase also aims to review the implementation of business licensing processes in particular areas such as special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas which are recognized as a “hot zones” area for businesses activity, specifically in the investment sector.

In the second phase of Perpres No. 91/2017 regulatory reform and the implementation of Online Single Submission is to be tackled. Regulatory reform regulates several provisions regarding the evaluation of the whole legal basis concerning the implementation of Business Licensing proce-

dures. The evaluation will be conducted by the Minister/Chairman of the Government Institution, Governor, and Mayor/Regent based on their authority. The provision on the implementation of Online Single Submission marks a new chapter of Indonesia's Business Licensing process. Despite the fact that the implementation will only start effectively on 1 March 2018, the provision will already start to encourage a more transparent and effective Business Licensing process, which is a key component of the Good Governance Principles. In the event that the Governor and Mayor/Regent fails to give a Business Licensing service in accordance with Perpres No. 91/2017, they will receive an administrative sanction. If the administrative sanction has been imposed twice in a row on the respective Governor or Major/Regent, their authority over related Business Licensing will be revoked and transferred to the authorized body (Minister of Home Affairs for Governor and Governor for Major/Regent).

## New Regulation Issued by Government on Architects

by Monica Sonya Ginanti

The new regulation in relation to architect has been issued by the Government of Indonesia. It is Law Number 6 of 2017 on Architects (“**Law on Architects**”). Pursuant to Law on Architects, an architect is a person who performs the practice of an architect (“**Architect**”) with a scope of service as follows: (i) the drafting of the architectural initial study; (ii) the design and conservation of the building and its environment; (iii) the design and layout of the building and its environment; (v) the drafting of technical plans; and/or (vi) the supervision of the architectural aspects of the execution of building construction and its environment. Further scope of service may also be provided by the Architect, such as: (i) city and land use planning; (ii) project and construction management; (iii) community assistance; and/or (iv) other construction.

In providing services, an Architect must comply with the architects’ performance standard which requires the Architect to provide results of: (i) documents of design image; (ii) documents of work plan and its requirements; (iii) documents of work volume calculation plan; and/or (iv) documents of periodic supervision. An Architect must also have an Architect Registration Number, except when the Architect only designs a simple building and/or a customary building. The Architect Registration Number is valid for 5 (five) years and can be re-applied for with the requirement to take the Continuous Professional Development course. A License is also required for the Architect to execute building works and the license must be issued by local government.

A foreign Architect must fulfill the requirements of competency and license. The requirement of competency must be proved with a certificate of competency under the applicable law of their country and registered in Indonesia. The requirement of licensing is subject to the regulation of manpower. A foreign Architect must also transfer skills and knowledge, which can be demonstrated as follows: (i) develop and increase the services of the architect’s practice in the office



of the local architect; (ii) transfer their professional skills and knowledge to the local Architect; and/or (iii) provide education and/or workshops to educational institutions, research institutions, and/or development institutions in architectural aspects for free. The relationship between the foreign Architect and local Architect must be a partnership and the local Architect must be responsible for the services of the architect’s practice.

Furthermore, the Law on Architects regulates sanctions for those who contravene it. Sanction of various types can be imposed. For the architect who does not comply with architectural performance standards there will be administrative sanctions, which

are: (i) written admonition; (ii) temporary termination of architect’s practice; (iii) freezing of their Architect Registration Number; and/or (iv) revocation of their Architect Registration Number. If the Architect does not have an Architect Registration Number then his/her architecture practice will be terminated. This sanction also apply to the foreign Architect. The foreign Architect who does not want to transfer their skills or knowledge will have administrative sanctions imposed in form of: (i) written admonition; (ii) temporary termination of architecture practice; and/or (iii) freezing of Architect Registration Number.

## Regulation of the Board of Governors Number 19/10/PADG/2017 of 2017 on a National Payment Gateway

by Devina Rosalia Tantiana

Bank Indonesia has issued National Payment Gateway rules (NPG) in the Regulation of the Board of Governors Number 19/10/PADG/2017 that regulates the electronic money price scheme. This pricing policy will ensure interconnection and inter-operability in the NPG ecosystem, as there are currently hundreds of debit card issuers, 26 credit card issuers, and 25 electronic money issuers in Indonesia. It means every consumer now has more than one card to execute payment. Bank Indonesia believes that the regulated price scheme policy will lower public transaction costs and thus encourage increased transactions.



Bank Indonesia divides the electronic price scheme for top-up transactions into two ranges ; from Rp.750,- up to Rp.1.500,-. Firstly, top-up transactions through the card providers' device or method may be charged if the top-up exceeds more than Rp.200.000,-. Secondly, top-up through different card payment methods belong to different card issuers or partners will be charged a maximum of Rp.1.500,-. The reason for this price scheme is to arrange

price structure, so that the issuer will be required to make the adjustment if the tariff was set above the maximum limit. Despite rejection by users, Bank Indonesia will ensure that this tariff will not burden consumers, as only 4% of population top-up more than Rp.200.000,- per transaction.

In addition, Bank Indonesia also co-ordinates the electronic money price schemes for every electronic money purchase transaction and divides them

into three types. Firstly, the usage fee for the terminal provider charged by the card issuer is 0,35% per transaction. Secondly, the investment cost for infrastructure sharing is arranged in accordance with the agreement among publishers. And lastly, the rate charged to traders by the bank (merchant discount rate) will be determined by Bank Indonesia itself. All of the provisions came into force upon the enactment of the Gubernatorial Board member Rules on 20 September 2017.

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