

Updated Regulation on Indonesia National Single Window

by Galih Adi Prasetya

On 31 May 2018, the government of Republic Indonesia has issued the Presidential Regulation No. 44 of 2018 on Indonesia National Single Window (“**Regulation No. 44/2018**”). This regulation superseded the previous regulations that regulate the same matter, because it appears that the previous regulations seems outdated and unfit with the recent global development. Regulation No. 44/2018 also emerge to boost the development on international economic by integrating the data and information delivery, proceeding, and decision making system into single system called Indonesia National Single Window (“**INSW**”).



There are several pivotal provisions in Regulation No. 44/2018 that is different from its predecessors in order to fulfill the ultimate goals of bolstering the Indonesian economy. First, there are new provisions regarding the Board of Advisor (“**BoA**”). The BoA is established to harmonize the inter-minister/institution’s policy and synchronize the inter-minister/institution’s business process in order to boost the efficiency of public service in export-import sector. BoA members will consists of 15 (fifteen) minister/chief of institutions that took a role in economic system in

Indonesia (e.g. Minister of Trade, Minister of Defense, Minister of Transport, Minister of Health, Governor of Bank Indonesia, Chief of the Police Force of the Republic of Indonesia, etc.) and will be led by Coordinating Minister of Economic Affairs as the Chief of BoA and Minister of Finance as the Vice-Chief of BoA. Second, there is an updated provisions on the organization of National Single Window Institution. This institution emerge to maintain the INSW and ensure the implementation of Indonesia National Single Window System (“**SINSW**”). To support the function and

ensure the implementation of INSW went smooth, the Regulation No. 44/2018 also regulate the establishment of Single Window Service Unit in every ministry/institutions.

Other than some provisions mentioned above, the Regulation No. 44/2018 also confirmed that all documents regarding customs, excise, quarantine, licensing, harbor/airport affairs, or any documents related with export-import activities shall be delivered by the business owner through SINSW. The regulations on the construction, implementation and the development of SINSW shall be made by the Ministry of Finance as the ministry that focused on organizing the government matter in finance sector. In order to ease the access to use SINSW, the business owner can access the system through an internet based portal with domain name www.insw.go.id after having an Access Right, granted by the Ministry of Foreign Affair. The user of SINSW also required to provide an Audit Trail for every activity that is done in SINSW in order to promote the transparency of the system.

Government Regulation on Online System Submission (OSS)

by *Yohannes Halim*

Indonesia is a developing country and one of the ways the government aims to accelerate this development is through the acceleration of investment. Accordingly, on 21 June 2018 the government of Indonesia promulgated Government Regulation (PP) No. 24 of 2018 About the Integration of Electronic Licensing Services. PP Number 24 of 2018 regulates the implementation of Online System Submission (OSS). The OSS system will also apply to licences issued before the regulation is in force and which require new licences to expand. This system has been initiated because of the many complaints regarding the convoluted and lengthy process for the granting of the complicated investment permits. After OSS launches, investors can take care of their investment permit quickly, even as promised, in just 1 hour. The licensing process will be conducted through the One Stop Integrated Service Agency (BPTSP). The BPTSP system will be integrated with the system owned by the Directorate General of General Law Administration of the Ministry of Justice and Human Rights, and with the system at the Directorate General of Taxes of the Ministry of Finance. System integration is required in order to take care of business licensing and Taxpayer Identification Numbers (NPWP). Business actors who manage licensing with OSS will be given a Number of Parent Enterprises (NIB) in the form of a barcode as the identity for the permit. Upon launch later, business actors or investors can take care of licensing with the OSS system through the www.oss.go.id portal and can also go directly to the OSS Lounge and One Stop Integrated Service (PTSP).

It is quite easy to access OSS: the applicant's investor needs only to bring notarized deeds to One Stop Integrated Service (PTSP) in the Investment Coordinating Board (BKPM) or related ministries / institutions that already have PTSP. The applicant will be guided by the PTSP officer to complete the elementary data of the notary deed and administrative columns. After the data has been entered, the system will confirm the data. The system is connected to the Directorate General of General Law Administration data base for legalization of business entities. If an individual, the system will be integrated with the ID Number (NIK) and will confirm the applicant's identity and Taxpayer Identification Number. There will also be the Number of Parent Enterprises. The Social Health Insurance Provider (BPJS), location permits, fiscal facilities, and Foreign Manpower Utilization Plans (RPTKA) are already available in the cloud data so it does not need to be inputted again. From the data elements included, including how long the tax facilities obtained are for, the system will advise that you can take a 10 year tax holiday. For tax-related

matters, the Ministry of Finance will issue a confirmation letter that the applicant has received a tax holiday. The confirmation letter is held by the tax authorities. After the registration stages are completed the system will ask the investor for commitment. The commitments include the environmental permit (UKL-UPL) which must be completed within 12 days, fulfilment of Building Permit (IMB) standards within 30 days, and fulfilment of functional certificate standards within 3 days. If there is a permit that has not been met, then it can be taken care of offline. After all commitments are fulfilled, automatic exit of Sector Business Licence and Trading Business Licence will be issued. After obtaining a licence, there is another commitment to be fulfilled, namely the Mandatory Indonesia National Standard (SNI) and Voluntary Indonesia National Standard (SNI), that must be met within 14 days.

Secondly, for pharmaceutical and health sector investment, it is necessary to have Good Practice of Good Medicine (CPOB) and Good Traditional Drug Making (CPOTB) in 35



days and Good Manufacturing Practices (CPAKB) within a period of 5 days. If all of the above commitments are met, there will be a commercial or operational licence in the form of a marketing authorization and certification. If longer than the time limit, then the permit is revoked. With this application, investors can monitor the progress of the proposed permission. So if the permission applied for stagnates in local government, for example, it can be immediately addressed quickly by the task force. Investors do not have to wait again and investors no longer need to meet directly with the local government or the ministry for licensing.

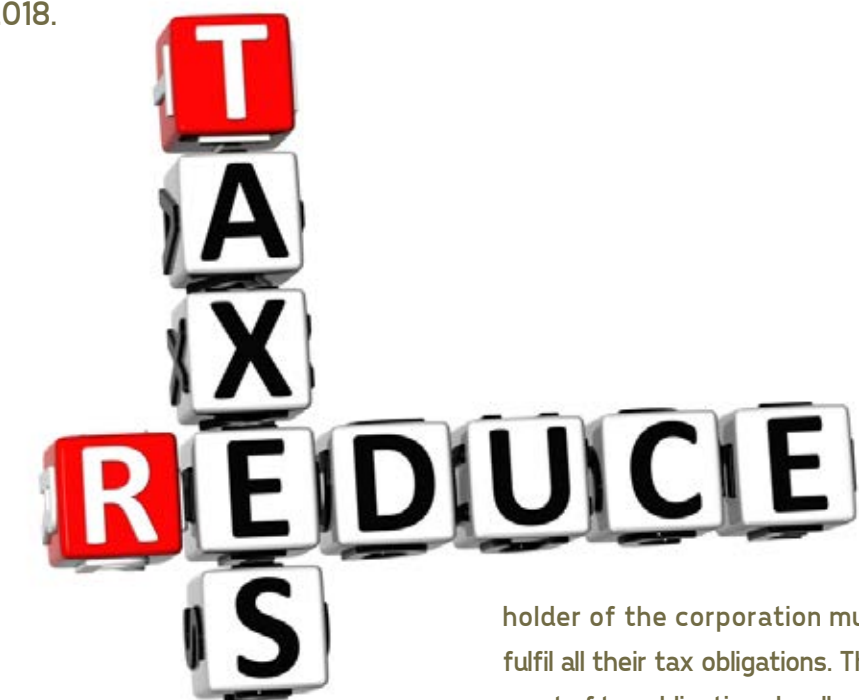
Detailed Business Activities and Pioneer Industries' Type of Production which may be Given Corporate Income Tax Reduction Facility

by Monica Sonya Ginanti

The Indonesian Capital Investment Coordination Board (*Badan Koordinasi Penanaman Modal* "BKPM") has issued new regulation number 5 of 2018 on Detailed Business Activities and Pioneer Industries' Type of Production Which May Be Given Corporate Income Tax Reduction Facility along with Guidance and Granting Procedures on the Corporate Income Tax Reduction Facility ("Regulation"). The Regulation was promulgated in Jakarta on 30 May 2018.

By this Regulation, a corporate income tax reduction facility of 100% (one hundred percent) from the total corporate income tax payable may be given. There are various durations for the reduction of corporate income tax pursuant to the capital investment plan as stated in the Regulation. In the event that the duration has ended, the corporate taxpayer will be given a reduction of income tax in the amount of 50% (fifty percent) from the total corporate income tax payable for the next 2 (two) years. Only the taxpayer who performs new capital investment in a pioneering industry may earn the reduction of corporate income tax on the income earned from the business activities.

A pioneering industry is an industry which has a broad linkage, adds value, high externalities, new technologies, and has strategic value for the national economy ("Pioneering Industry"). The list of Pioneering Industries which can



be given the corporate income tax reduction facility is provided in Appendix 1 of the Regulation. The Regulation also stipulates several requirements that must be fulfilled by the corporation in order to obtain the corporate income tax reduction facility.

Furthermore, after the corporation has fulfilled all of the requirements as stated in the Regulation, each share-

holder of the corporation must also fulfil all their tax obligations. The fulfilment of tax obligations by all corporate shareholders may be proven by the letter of fiscal statement which is issued by the Directorate General of Taxation. The implementation of this Regulation revokes the corporate income tax reduction as stated in Articles 80 to 84 of the Regulation of Capital Investment Coordination Board Number 13 of 2017 on the Guidance and Procedures on Licensing and the Capital Investment Facility.

OJK Regulates the Financing of Pension Funds

by Galih Adi Prasetya

On 31 May 2018, the Financial Service Authority of Indonesia (“**OJK**”) issued OJK Regulation No. 8/POJK.05/2018 on the Financing of Pension Funds (“**POJK 8/2018**”). POJK 8/2018 emerges to implement a prudent principle on the financing of pension funds in order to give a sustainability of income guarantee for participants when they reach the pension period. It is important to have a new regulation on financing of pension funds since the previous regulations are outdated and cannot accommodate the needs of current trends in the pension fund industry.

POJK 8/2018 regulates several provisions for financing of pension funds either for the Employer’s Pension Fund (“**DPPK**”) or the Financial Institution Pension Fund (“**DPLK**”). As for the DPPK, the regulation also divides the provisions for financing of pension funds for the DPPK that convenes the Fixed Benefit Pension Program (“**PPMP**”) and Fixed Fee Pension Program (“**PPIP**”). For the DPPK that convenes the PPMP, the DPPK must report on the quality of financing for the PPMP to the OJK periodically. The quality of financing will be measured by actuarial valuation by determining the solvency liability and actuarial present value, which is reviewed by the OJK registered Actuary. Otherwise, for the DPPK that conducts the PPIP, the quality of financing is contingent upon the minimum fee that is paid by the participants to the DPPK. The DPPK also has an obligation to deliver the information on participants’ funds accumulation to the participants at least once every 3 (three) months. POJK No. 8/2018 also regulates new



provisions for the DPPK and DPLK that convene the Other Benefit Fixed Benefit Pension Program (“**PPMLMP**”) and Other Benefit Fixed Fee Pension Program (“**PMLIP**”). The provisions on the quality of financing for the PPMLMP and PMLIP are set out in Article 34 to 47 of POJK 8/2018.

Other than aforementioned provisions, POJK 8/2018 also regulates obligations for the DPPK and DPLK to prepare the Actuary Report and report it to OJK. The Actuary Report must be sent in the

form of hard copy and soft copy at least once every 3 (three) years, or if there are changes in the Regulation of Pension Fund (the legal basis for the implementation of pension fund program). Any failure on fulfilling the obligations as set out in the POJK 8/2018 will cause the DPLK and DPPK to receive an administrative sanction in form of a written notice; the reappraisal of capacity and propriety for the Board, Supervisory Board, and/or Executive Officer of the Pension Fund; and/or the dissolution of the Pension Fund.

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