

Reform of Bonded Zones in Indonesia

by Dedi Putra



The government has developed a new policy to support importation by overhauling the administration of bonded zones (**Regulation 19**).^{*} A bonded zone is an area that is used to store imported goods or goods for export.

Regulation 19 is designed to increase investment in Indonesia and support local businesses. According to Article 9 of Regulation 19, in order to use a bonded zone, a company must apply for a licence. The application must include the company's:

- single business number;
- industrial business licence;
- status as a taxpayer;
- title to the bonded zone it wishes to use; and
- latest annual tax return.

Use of bonded zones is vital to the Indonesian economy. According to the latest data released by the Minister for Industry, 1360 companies use bonded zones and have contributed in the amount of [Rp] 54,82 billion to the sta-

te to the Indonesian economy. This is equivalent to almost 37.76% of the revenue from all of Indonesia's national exports. Further, those companies employ approximately 2.1 million workers.

Regulation 19 essentially guarantees ease of doing business. Prior to Regulation 19, it took 25 days before any bonded zone licences were issued. Regulation 19 states that a licence must be issued within 3 days after the submission of a valid application. Prior to Regulation 19, a company needed 45 different types of licences and had various administrative burdens in relation to extending expired licences. With Regulation 19, companies will only need 3 licences, which will no longer expire.

Regulation 19 is good news for companies. Companies will, however, need to examine Regulation 19 carefully to understand their rights and obligations.

**Regulations of the Director General for Customs and Excise No. Per-19/BC/2018 concerning Administration of Bonded Zones.*



Technical Considerations Relating to Land: New Guidance

by Budi Wibowo



The Government has issued Regulation 15* to provide guidance to the Land office on issuing Technical Considerations relating to land.

Technical Considerations relating to land means that, after research in relation to a particular parcel of land, the Land Office develops terms and conditions relating to the control, ownership and use of that specific parcel of land. Technical Considerations provide guidance to the applicant on how to ensure that land is used in accordance with government plans, priorities and regulations. Individuals and companies must apply for Technical Considerations if they wish to obtain a location permit, renew land rights, receive a recommendation in relation to control of a deltaber (land that has certain natural features also known as a “tanah timbul” in Indonesia), or to change land use.

Regulation 15 is intended to stimulate investment and deal with land fairly and sets out:

- applicant qualifications;
- qualifications for the issuer of Technical Considerations;
- guidance for the issuance of Technical Considerations, including the handover process to applicants;
- requirements for the secure storage of Technical Considerations that have been issued;
- requirements relating to the presentation of data to the public;
- requirements relating to monitoring and evaluation of the terms and conditions set out in the Technical Considerations.

Those eligible to apply for Technical Considerations include individual Indonesian citizens, and legal entities including companies and state-owned entities. Regulation 15 states that all guidance issued will comply certain principles including sustainability, fairness, regulatory compliance and public interest. Consequently, Regulation 15 allows for much greater transparency in the Land Office’s decisions and it also allows for the potential to challenge any decisions on the basis of non-compliance with the principles.

**Regulation of the Minister for Agrarian Affairs and Spatial Planning No. 15 Year 2018 concerning Land Technical Considerations.*

Maintaining Telecommunications Business Competition in Indonesia

by Yohannes Halim

The Government has formed the Indonesian Telecommunications Regulatory Agency (*the Agency*) (*Regulation 15*)*. Given that the telecommunications sector is constantly in flux, the Government has decided that Indonesia needs an independent body to monitor the sector and to protect the public interest. A stable telecommunications sector will stimulate foreign investment in Indonesia.



Article 4 of Regulation 15 gives the Agency the following four primary functions:

- guidance;
- regulation;
- supervision; and
- control.

The Agency also has a remit to look at competition in the telecommunications sector. Generally, competition issues are dealt with by the Business Competition Supervisory Commission. However, the Agency will deal with specialized competition issues relating to the tele-

communications sector including being able to adjudicate disputes.

** Regulation of the Minister for Communication and Information Technology, No.15 of 2018 regarding the Indonesian Telecommunications Regulatory Agency.*

Goods Terminals: New Regulations

by Galih Adi Prasetya

The Minister for Transport of the Republic of Indonesia has recently enacted new regulations on the organization of goods terminals* (the **Regulations**). A goods terminal is the central hub for all logistics relating to goods including handling, transfer, storage and loading. Businesses that involve trade or distribution of goods are the main users of goods terminals.



The Regulations introduce welcome clarity in the area of the organization of Good Terminals and provide that the process of applying for licences and permits will be done online, through the OSS system. The Regulations clarify that Public Goods Terminals will be administered by the Ministry for Transport and Private Goods Terminals will be administered by third parties.

Third parties that operate Private Goods Terminals must provide monthly reports to the Minister for Transport

and ensure that they have all the necessary employees depending on what the Private Goods Terminal stores, including, customs, excise, quarantine and immigration officers.

Failure to comply with the Regulations may lead to the closure, whether permanent or temporary, of the Goods Terminal.

**The Minister for Transport's Regulation No. PM 102 of 2018 on the Organization of Goods Terminals.*

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