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E-Commerce: New Regulations

by Fahres Lay

Image source: https://hitmidia.com.br/

New Government regulations relating to e-commerce have been recently implemented (the **Regulations**).*. The Regulations apply to both Indonesian and foreign businesses operating in Indonesia. The Regulations treat e-commerce businesses in a similar manner to "bricks and mortar" businesses and covers issues such as licensing, data protection, and consumer protection.

The regulation ensures that the seller who engages an online business transaction must have business license. To acquire the business license, the seller must refer to the norms, standards, procedures and criteria that is set out by the ministry and this regulation.

There are obligation and conditions that must be filled by the seller such as: accurately stating the specific objects/products, ensuring the quality and specification written, and the identity of the seller/store engaging online transaction.

The Regulations strictly emphasize on the data protection of the customers because their personal data is considered a personal right that is protected. Seller, provider, or business entity that engage e-commerce must protect the policies and personal information of their customer and client that is set out on this Regulations.

Customer/clients are able to submit their complaints regarding on any transaction they made with sellers and providers. These complaints will be reviewed by the Ministry and if it is found true that they have infringe a loss to the customer's right, the Ministry will put the provider/seller on their watch list priority.

Any failure to follow the requirement and obligation of this regulation may result on an administrative sanction.

*Government Regulation No. 80/2019.

Tax Allowance for Capital Investment

by Fahres Lay

The President of Indonesia issued new regulations, expanding the government's tax incentive scheme to new business sectors in order to boost investment (the **Regulations**).*

Image source: https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcTrzvaF57dPNIBjRo0AJlopvJvlefNa6xbGdlM3WgZulzhtvP0L

Tax Incentives for the new business sectors include:

- Beef Cattle Cultivation
- Baby Food Industry
- Yarn Spinning Industry
- Weaving Industry
- Batik Industry
- Sports Shoes Industry
- Pharmaceutical Material Industry
- Stone Battery Industry
- And many more

To be eligible, businesses must, in addition to complying with general regulatory requirements, meet the following criteria:

- plan to invest a large amount into the business;
- make products for export;
- employ local workers; or
- use local resources.

The type of tax incentives under the Regulations includes a reduction of 30% percent from the total investment value in the form of tangible fixed assets including land, that is charged for six years each by 5% percent per year.

The Regulations gives a compensation in the form of depreciation and importation for financial losses to business sectors from 5 years to a maximum of 10 years. Additional compensation for losses is given in the first tax year, the second tax year and / or the third tax year from the time the commercial production begins.

To acquire the facilities of Tax Incentive or Tax Allowance one must apply through Online Single Submission (OSS).

*Regulation 78/2019

Closer Links Between Sharia and Conventional Banks

by Galih Adi Prasetya

Image source: https://img.huffingtonpost.com/asset/5bbadbf71f000025012592c7.jpeg?cache=SMGMTvgCOa&ops=crop_53_585_6147_4110,scalefit_630_noupscale

On 19 November 2019, the Financial Services Authority of Indonesia (**OJK**) enacted new regulations to encourage cooperation between sharia and conventional banks (the **Regulations**).* The Regulations aim to improve Sharia banking efficiency and increase societal awareness of Sharia banking.

The Regulations allow conventional banks to offer Sharia banking products to its customers if certain criteria are met. One important criterion is that the conventional banks must be either the controlling shareholder of a sharia bank or both types of banks must have a common owner. Further, a written cooperation agreement must be entered into between both types of banks, which will include policies and management procedures. Finally, an application (including the cooperation agreement) must be made to the OJK, via the online submission system, for approval. Once approval has been granted, the banks have 60 days to begin offering the Sharia services or risk losing the right to provide those services. The Regulations also set out various reporting obligations. Administrative sanctions are set out in the Regulations for breach of its provisions.

* OJK Regulation No. 28/POJK.03/2019 on Banking Synergy for the Development of Sharia Banking.

Import Duty Exemptions: New Regulations

by Galih Adi Prasetya

On 25 November 2019, the Minister for Finance enacted new regulations on customs exemptions for goods imported in the public interest (the **Regulations**).* The Regulations aim to streamline and oversee the process by which import duty exemptions are granted.

Image source: https://www.freeinteriorimages.com/used-shipping-containers-los-angeles/33/45-all-high-cube-shipping-container-n-america.html

The Regulations:

- provide that import duty exemptions may be granted to goods imported into specific zones (such as special economic zones);
- divide eligible goods into either goods bought using government money or goods given to the government;
- provide duty exemptions to goods imported in partnership with government; and
- provide certain additional tax relief for eligible goods.

All import duty exemptions must be applied for through the online single submission system. Approval will be granted by the Minister.

* The Minister for Finance of the Republic of Indonesia Regulations No. 171/PMK.04/2019 on the Exemption of Import Duty for any Goods Imported by Central and Regional Government for the Public Interest.

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