

Income Tax Relief for Businesses

by Galih Adi Prasetya



Image source: <https://secureservercdn.net/160.153.137.170/9gr.06a.myftpupload.com/wp-content/uploads/2019/07/Income-Tax.jpg>

On 11 February 2020, the Minister for Finance of the Republic Indonesia enacted regulations that provides income tax relief for businesses in certain sectors and/or locations **(Regulations)***.

The Regulations allow for applicants to apply for tax relief online, through the online single submission system. The Regulations set out a number of criteria that must be fulfilled before an applicant becomes eligible for tax relief, including, among other things, that:

- the applicant's tangible and intangible assets must be registered online; and
- an applicant must apply for the tax relief before starting any commercial production against which the tax relief will be claimed.

The Regulations also ease certain statutory reporting obligations for those who qualify for tax relief.

Successful applicants that do not comply with the Regulations may have their tax relief revoked.

*Minister for Finance of the Republic of Indonesia No. 11/PMK/010/2020 of 2020 on the Implementation of Government Regulation No. 78 of 2019 on the Income Tax Facility for Investment in Particular Business Sector and/or in Particular Area.

Infrastructure Financing in Indonesia: New Regulations

by Galih Adi Prasetya

On 14 February 2020, the President of the Republic of Indonesia has enacted a new regulation on the infrastructure financing in Indonesia **(Regulations)***. This Regulations support the need of government of Republic Indonesia to enhance the infrastructure development in Indonesia. As of this date, the infrastructure development remains as one of the top priorities for Indonesia's government.



Image source: <https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcTqKHQKrEhaYEuUvqstMUB-BkPqV5zTJ2WPKAJh7Jcyte0>

To free up resources for new infrastructure projects, the Regulations allow registered businesses to have limited management rights over state-owned assets and/or enterprises including transportation infrastructure, road-toll infrastructure, water resources and electricity infrastructure. Limitations to the management rights will be clearly set out in an agreement between the private enterprise and the government.

The period of time for the private management of these assets/enterprises will be set out in the agreement and, at the end of the period, the operations shall be handed back to the government.

The Regulations also set out that the ownership of any intellectual property in the assets/enterprises will remain with the government and must only be used in the course of the operations of the asset/enterprise and in accordance with the law.

The Regulations state that only those assets/enterprises that meet certain criteria are eligible for private management under the new scheme. The criteria include that the asset/enterprise must:

- have been fully operational for at least 2 years;
- be operating to international standards; and
- have a projected useful life of at least 10 years.

Any business that has been given management of state-owned assets/operations must submit biannual reports to the government.

The Regulations came into force on 18 February 2020.

*President Regulation No. 32 of 2020 on Infrastructure Financing by Limited Management Rights.

Increasing the Efficiency of Business Licensing: New Regulations

by Michelle Noviangel



image source: https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcQLNVSKjGfIvXSEInglKfawPeYhT2GaBK45gc_b2oeeq3

In February 2020, the Minister for Trade of Indonesia enacted Regulation No. 8 of 2020 (**Regulation No. 8**) on electronically integrated business licensing services within trade sector to substitute Regulation No. 77 of 2018. The spirit of Regulation No. 8 is to enhance the ease of doing business in trade sector.

Regulation No. 8 requires all businesses that intend to apply for business licences to obtain a business identification number. Regulation No. 8 sets out certain criteria that businesses may be requested to fulfill in order to be eligible for certain types of business licences. Criteria may include the payment of fees, the fulfillment of certain commitments or the implementation of certain technical requirements. Different business

sectors have different commitments. All commitments will be listed in the agreement between the government and the business.

Regulation No. 8 provides that all business licensing applications can be made online through the online submission system.

Exporting Forestry Products: New Regulations

by Tika Widya Anindhitta Kamil

On 27 February 2020, the Minister for Trade enacted new regulations relating to the export of forestry products.* The new Regulations state that only those companies that comply with regulatory requirements such as having the proper licenses may export forestry products.



https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcQLNVSKjGfIvXSEInglKfawPeYhT2GaBK45gc_b2oeeq3

The Regulations set out the types of wooden products that may be exported and requires all exporters to have their products verified by a Ministry appointed surveyor prior to export.

Companies that do not comply with the Regulations may be subject to administrative sanctions including the revocation of business licences.

*[Regulation of the Minister for Trade of the Republic of Indonesia No. 15 of 2020]

VSL | LEGAL

Soho Capital, 17th Floor
Jl. Letjen. S. Parman Kav. 28
Jakarta 11470, Indonesia

t : +6221-29181342
f : +6221-29181343
info@vsll.co.id
Website: vsll.co.id

This is a digital publication prepared by the Indonesian law firm, VSL LEGAL. It is only intended to inform generally on the topics covered and should not be treated as legal advice or relied upon when making investment or business decisions. Should you have any questions on any matter contained in this publication, or other comments generally, please contact your usual VSL LEGAL contact or email to info@vsll.co.id.