

# Business News

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# INSTITUTION OF AGRICULTURE INSURANCE

In a bid to mitigate impacts of economic downturns, the government has launched a number of economic packages, including the Third Economic Package on Wednesday, October 7. The last package is intended to complete the two packages already announced previously. Agriculture insurance is any of the package policies attractive to observe. Reportedly, Financial Service Authorities (OJK) issued a scheme of agriculture insurance, which is believed to be capable of assuring the purchasing power of farmers. In addition, OJK has coordinated with the Ministry of Agriculture, Ministry of State-owned Enterprises and State-owned Insurance Firms (Consortium) to design the agriculture insurance scheme. The would-be applied scheme is Paddy Farming Business Insurance wherein some 20% of the premium would be paid by farmers and the remaining 80% is paid by the government. Chairman of OJK Muliawan Hadad said that the policy constitutes an initiative of OJK and government to continue striving to boost national economy to the track of growth according to the government plan in enhancing the people's welfare by preserving stability in the financial sector ([koran-jakarta.com](http://koran-jakarta.com), 9/10).

By the insurance scheme, not only the government but also OJK expect farmers to be protected financially if they failed to harvest and, more important, to make them feasible to secure agriculture credit from banking institution (bankable). Moreover, the agriculture insurance scheme is expected to bring positive impacts to farmers, such as stability of income and the increase in agriculture production.

Even though the insurance just covers paddy, the measure gain positive response from farmer groups. However, following the launching of the agriculture insurance, risks haunting farmers, such as harvest failure attributable to weather or nature, such as dry season may be mitigated. And, even though the amount of funds provided for the insurance is just

Rp 150 billion, the insurance is believed to be helpful for farmers because the loss that farmers sustain won't be considerable if the harvest failure is attributable to incidents coming into coverage of the insurance product. The Rp 150 billion insurance premium resulting from the government is used to protect six million hectares of farmer land if the harvest failed.

We call on the policy as an institution marking a new approach of the state to the agricultural sector and farmer. Discourse about agriculture insurance as well as agriculture bank actually has come to surface since several years ago. Slowly but sure, the expectation starts to materialize. In the Jokowi-JK administration, the agricultural sector indeed gains greater attention. Even though the partiality to agriculture and local farmers is still often affected by issues related to food import, the commitment of the Agriculture Ministry to prioritize to domestic farmers is proper to appreciate. Recently, Agriculture Minister Amran Sulaiman said that efforts of the government to continue curbing the import of food from countries could save state expenditure up to Rp56 trillion. Indonesia, according to Sulaiman, is even successful to turn around the situation from food importer to become exporter of certain kinds of foods, such as mug bean, chilly, shallot, onion and corn.

Indeed, agriculture needs to be developed by presenting the state. Any of the indicators is partial policy. It is intended to create food independence that we expect. The agriculture insurance institution constitutes any of the concrete evidences of the closer relations between the state and agriculture. It is not only important to boost the realization of food independence but also affirms that agriculture a propeller of the advancement of nation state. If a nation state is more advanced and prosperous, agriculture sector would be better.

Jakarta, October 15, 2015

## PROS & CONS OVER TENURE OF KPK

The House of Representatives (DPR) advanced one step again in relations to efforts to debilitate the anti-graft commission (KPK). In view of the recommendation about the revision of KPK Law (UU No.30/2002), the public suppose that DPR has other agenda other than the objective to strengthen the position and institution of KPK. By determining the tenure of KPK, namely 12 years, DPR clearly intends to kill KPK earlier than the ideal one. By ignoring the public will, DPR actually has been against the logic of the people's representatives.

To the best of our beliefs, a number of articles in the draft revision are deemed debilitating KPK and amputating authority of the super body institution. For instance, Article 4 of the bill states that KPK is established with a view of enhancing the efficiency and effectiveness in the prevention of corruption crime. Emphasizing the objective of the establishment of KPK on preventive aspect constitutes a strategy to withdraw KPK from the taking-action or prosecution domain that becomes its power so far. Indeed the taking action or prosecution by KPK has not caused curative effect as expected. However, through the prosecution instrument, KPK has become a frightening specter for corrupters. Any of the evidences which may be disclosed here is the birth of efforts made by corrupters against KPK. Another article clearly debilitating KPK is Article 5 stating that KPK only stands for only 12 years as from the promulgation of the law. If only two articles are quoted here, it should be understood that the debilitation of KPK may be done by only one or two articles. Surely the impact would be more powerful if it is executed through several articles as reflected in the bill proposed DPR, which is now in the center of public spotlights.

Obviously the bill regulating KPK contains irregularities triggering pros and cons. It is not only

related to substantial aspect but the recommendation about the revision of KPK Law has been rejected by President Jokowi some time ago. Another irregularity we are difficult to accept is that the Indonesia Democratic Party of Struggle (PDIP) constituting political party nominating and supporting Jokowi, becomes the main force forcing the deliberation of the bill. PDIP seems to forget that KPK was established in the past Megawati administration era.

Undeniably, the irrational measure triggers turbulence actually unnecessary, unbeneficial and unexpected by the people. It is not worrisome to say that submitting recommendation about the revision of the law when this nation is working hard to overcome economic downturns and fog disaster in Sumatra and Kalimantan reflects the inability of the parliament to catch the people's aspirations.

We reject the whole efforts intended to debilitate KPK, including the effort to force the deliberation about the bill substantially debilitating KPK. At the same time, we support the same opposition disclosed by community elements. PBNU, for instance, stands in the line by rejecting strongly the efforts to debilitate KPK, including the limitation of KPK tenure.

Undeniably, KPK was established in a condition wherein the Indonesian police and prosecutor encountered public distrust. However, the public trust to police and prosecutor –if proven someday—could not be used as reason to terminate the existence of KPK. Later, how long should KPK stand? The best answer may only be granted by the corruption phenomenon, only political lobbies. Finally, the people and empirical facts would determine how long this nation actually needs KPK.

Jakarta, October 9, 2015

# EXPORTS IN SEPTEMBER 2015 REACHED USD 12.5 BILLION

Jakarta, *Business News*

## 1. Oil & Gas and Non Oil & Gas Exports

Indonesia's exports in September 2015 decreased by 1.55 percent compared to August 2015, from US\$ 12,726.8 million to US\$ 12,528.9 million. Meanwhile, compared with September 2014, exports decreased by 17.98 percent.

The decline of exports in September 2015 was due to declining oil & gas exports by 5.20 percent from US\$ 1,530.9 million to US\$ 1,451.3 million, and non-oil & gas exports dropped by 1.06 percent from US\$ 11,195.9 million to US\$ 11,077.6 million. Furthermore, decline in oil & gas exports was due to decline of crude oil exports by 5.24 percent to US\$ 588.0 million and exports of oil products by 24.05 percent to US\$ 107.7 million, and gas exports fell 1.69 percent to US\$ 755.6 million. The volume of oil & gas exports in September 2015 to August 2015 for crude oil rose by 3.06 percent and gas rose by 0.85 percent, while oil products fell 14.91 percent. Meanwhile, Indonesia's crude oil price in the world market rose from US\$ 42.81 per barrel in August 2015 to US\$ 43.13 per barrel in September 2015.

FOB Value (Million US\$) Indonesian Export and Percentage of Changes (Δ %)

Detail	2014		2015			Δ %			Role Jan-Sep 2015
	Sep	Jan-Sep	Aug	Sep	Jan-Sep	y-on-y	m-on-m	y-on-y Jan-Sep	
Total Export	15 275,8	132 706,2	12 726,8	12 528,9	115 073,4	-17,98	-1,55	-13,29	100,00
Oil and Gas	2 622,6	23 402,2	1 530,9	1 451,3	14 373,6	-44,66	-5,20	-38,58	12,49
Crude Oil	1 055,1	7 189,4	620,6	588,0	5 051,2	-44,27	-5,24	-29,74	4,39
Oil Product	307,4	2 800,6	141,8	107,7	1 493,6	-64,96	-24,05	-46,67	1,30
Gas	1 260,1	13 412,2	768,5	755,6	7 828,8	-40,04	-1,69	-41,63	6,80
Non Oil and Gas	12 653,2	109 304,0	11 195,9	11 077,6	100 699,8	-12,45	-1,06	-7,87	87,51

## 2. Non Oil & Gas Exports by 2-Digit HS Codes (Commodity Group)

Decline in non-oil & gas exports in September 2015 to August 2015 occurred in machinery / mechanical appliances at US\$ 98.0 million (18.18 percent), and the largest increase occurred in jewelry / precious stones at US\$ 127.4 million (29.49 percent).

FOB Value (Million US\$) Non Oil & Gas Export by 2-Digit Harmonized Tariff System and Changes Δ

Group of Commodities (HS)	Aug 2015	Sep 2015	Δ	Δ %	Jan - Sep			Role (%) 2015
					2014	2015	Δ %	
1. Mineral fuels (27)	1 279,9	1 195,9	-84,0	-6,56	16 200,8	12 500,2	-22,84	12,41
2. Electrical machinery/equipment (85)	715,2	764,0	48,8	6,83	7 310,1	6 418,2	-12,20	6,37
3. Jewelry/precious stones (71)	431,9	559,3	127,4	29,49	3 483,6	4 619,1	32,60	4,59
4. Rubber and articles thereof (40)	569,2	507,3	-61,9	-10,86	5 599,3	4 583,0	-18,15	4,55
5. Vehicles and parts thereof (87)	508,0	560,5	52,5	10,32	3 785,5	4 222,4	11,54	4,19

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6. Machinery/mechanical appliances (84)	539,4	441,4	-98,0	-18,18	4 502,4	3 975,7	-11,70	3,95
7. Coffee, tea, spices (09)	300,6	253,1	-47,5	-15,79	1 324,9	1 703,4	28,57	1,69
8. Articles of iron and steel (73)	214,7	251,1	36,4	16,96	1 584,4	1 594,9	0,66	1,58
9. Tin (80)	0,0	95,4	95,4	250 154,96	1 417,6	952,2	-32,83	0,95
10. Aluminum (76)	77,9	35,6	-42,3	-54,34	473,2	406,8	-14,03	0,41
<b>Total 10 Groups of Goods</b>	<b>4 636,8</b>	<b>4 663,6</b>	<b>26,8</b>	<b>0,58</b>	<b>45 681,8</b>	<b>40 975,9</b>	<b>-10,30</b>	<b>40,69</b>
<b>Others</b>	<b>6 559,1</b>	<b>6 414,0</b>	<b>-145,1</b>	<b>-2,21</b>	<b>63 622,2</b>	<b>59 723,9</b>	<b>-6,13</b>	<b>59,31</b>
<b>Total Non Oil &amp; Gas Exports</b>	<b>11 195,9</b>	<b>11 077,6</b>	<b>-118,3</b>	<b>-1,06</b>	<b>109 304,0</b>	<b>100 699,8</b>	<b>-7,87</b>	<b>100,00</b>

## 3. Non Oil & Gas Exports by Major Destination Countries

Indonesia's non-oil & gas exports in September 2015 to the United States, China and Japan respectively reached US\$ 1,282.7 million, US\$ 1,092.1 million and US\$ 1,051.1 million, with the role of the three reaching 30.93 percent.

Decline in non-oil & gas exports in September 2015 compared with August 2015 occurred to most major destination countries, namely South Korea US\$ 79.9 million (15.34 percent); China US\$ 60.4 million (5.44 percent); United States US\$ 48.2 million (3.63 percent); Germany US\$ 32.5 million (13.43 percent); Thailand US\$ 25.0 million (6.32 percent); Malaysia US\$ 9.6 million (2.01 percent) and Italy US\$ 2.6 million (1.72 percent). While, exports to the Netherlands rose US\$ 83.7 million (42.53 percent); India US\$ 59.6 million (7.70 percent); Japan US\$ 44.9 million (4.29 percent); Australia US\$ 37.8 million (11.76 percent); Singapore US\$ 16.8 million (2.32 percent) and Taiwan US\$ 4.9 million (1.49 percent). Exports to the European Union (27 countries) in September 2015 reached US\$ 1,214.4 million. Overall, total exports to the thirteen main destination countries above was down 0.14 percent.

## FOB Value (Million US\$) Indonesia's Non Oil & Gas Export by Main Destination Countries and Changes Δ

Destination Countries	Aug 2015	Sep 2015	Δ	Δ %	2014	Jan - Sep 2015	Δ %	Role (%) 2015
<b>ASEAN</b>	<b>2 356,1</b>	<b>2 316,3</b>	<b>-39,8</b>	<b>-1,69</b>	<b>21 599,1</b>	<b>20 643,1</b>	<b>-4,43</b>	<b>20,50</b>
1 Singapore	721,3	738,1	16,8	2,32	7 591,1	6 580,8	-13,31	6,54
2 Malaysia	475,1	465,5	-9,6	-2,01	4 780,4	4 757,4	-0,48	4,72
3 Thailand	396,3	371,3	-25,0	-6,32	3 828,1	3 543,1	-7,45	3,52
Other ASEAN	763,4	741,4	-22,0	-2,87	5 399,5	5 761,8	6,71	5,72
<b>European Union</b>	<b>1 229,0</b>	<b>1 214,4</b>	<b>-14,6</b>	<b>-1,19</b>	<b>12 677,9</b>	<b>11 220,0</b>	<b>-11,50</b>	<b>11,14</b>
4 Germany	242,0	209,5	-32,5	-13,43	2 155,9	2 008,2	-6,85	1,99
5 Netherlands	197,0	280,7	83,7	42,53	2 883,4	2 581,3	-10,48	2,56
6 Italy	153,7	151,1	-2,6	-1,72	1 749,8	1 485,7	-15,09	1,48
Other European Union	636,3	573,1	-63,2	-9,94	5 888,8	5 144,8	-12,63	5,11
<b>Other Main Countries</b>	<b>5 439,7</b>	<b>5 398,4</b>	<b>-41,3</b>	<b>-0,76</b>	<b>54 352,6</b>	<b>49 805,0</b>	<b>-8,37</b>	<b>49,46</b>
7 China	1 111,5	1 051,1	-60,4	-5,44	12 581,2	9 918,3	-21,17	9,85
8 Japan	1 047,2	1 092,1	44,9	4,29	10 714,2	9 871,7	-7,86	9,80
9 United States of America	1 330,9	1 282,7	-48,2	-3,63	11 869,2	11 613,8	-2,15	11,54
10 India	774,0	833,6	59,6	7,70	9 033,3	8 844,0	-2,10	8,78
11 Australia	321,3	359,1	37,8	11,76	2 853,2	2 363,9	-17,15	2,35
12 South Korea	521,2	441,3	-79,9	-15,34	4 284,1	4 230,2	-1,26	4,20
13 Taiwan	333,6	338,5	4,9	1,49	3 017,4	2 963,1	-1,80	2,94
<b>Total 13 Destination Countries</b>	<b>7 625,1</b>	<b>7 614,6</b>	<b>-10,5</b>	<b>-0,14</b>	<b>77 341,3</b>	<b>70 761,5</b>	<b>-8,51</b>	<b>70,27</b>
<b>Others</b>	<b>3 570,8</b>	<b>3 463,0</b>	<b>-107,8</b>	<b>-3,02</b>	<b>31 962,7</b>	<b>29 938,3</b>	<b>-6,33</b>	<b>29,73</b>
<b>Total Non oil and gas export</b>	<b>11 195,9</b>	<b>11 077,6</b>	<b>-118,3</b>	<b>-1,06</b>	<b>109 304,0</b>	<b>100 699,8</b>	<b>-7,87</b>	<b>100,00</b>

(E)

# IMPORTS IN SEPTEMBER 2015 AT USD 11.51 BILLION

Jakarta, *Business News*

## 1. Oil & Gas and Non Oil & Gas Imports

Indonesia's import value in September 2015 amounted to US\$ 11,511.7 million, down US\$ 887.5 million (7.16 percent) compared to August 2015. This was caused by a decrease in the value of oil & gas and non-oil & gas imports by US\$ 195.8 million (9.29 percent) and US\$ 691.7 million (6.72 percent), respectively. Decline in oil & gas imports was triggered by the decline in the value of imports of oil products by US\$ 187.4 million (14.55 percent) and gas by US\$ 75.5 million (41.14 percent). In contrast, the value of crude oil imports rose US\$ 67.1 million (10.54 percent).

The total value of Indonesia's imports in January - September 2015 reached US\$ 107,942.2 million, down US\$ 26,432.5 million (19.67 percent) compared to the same period of the previous year. The decline occurred in oil & gas imports at US\$ 13,608.3 million (41.21 percent) and non-oil & gas imports at US\$ 12,824.2 million (12.65 percent). Furthermore, decline in oil & gas imports was due to the decline of all components of oil & gas, i.e. crude oil, oil products and gas by US\$ 4,053.2 million (39.29 percent), US\$ 8,680.1 million (42.65 percent) and US\$ 875.0 million (37.19 percent), respectively.

### Summary of Indonesia's Import Development and Changes January - September 2014 and 2015

	2014		2015			Change (%)			Role Total Import Jan-Sep'15 (%)
	Sep	Jan-Sep	Aug	Sep	Jan-Sep	Sep'15 against Sep'14	Sep'15 against Aug'15	Jan-Sep'15 against Jan-Sep'14	
Total	15 546,1	134 374,7	12 399,2	11 511,7	107 942,2	-25,95	-7,16	-19,67	100,00
Oil and gas	3 651,6	33 019,8	2 108,0	1 912,2	19 411,5	-47,63	-9,29	-41,21	17,98
- Crude oil	875,6	10 316,8	636,4	703,5	6 263,6	-19,66	10,54	-39,29	5,80
- Oil Product	2 521,0	20 350,2	1 288,1	1 100,7	11 670,1	-56,34	-14,55	-42,65	10,81
- Gas	255,0	2 352,8	183,5	108,0	1 477,8	-57,65	-41,14	-37,19	1,37
Non oil and gas	11 894,5	101 354,9	10 291,2	9 599,5	88 530,7	-19,29	-6,72	-12,65	82,02

## 2. Non Oil & Gas Imports by 2-Digit HS Codes

The value of Indonesia's non-oil & gas imports in September 2015 reached US\$ 9,599.5 million. Compared to August 2015, the largest increase is experienced by group of aircraft and parts thereof at US\$ 87.1 million (230.42 percent), followed by cereals at US\$ 77.2 million (39.98 percent); inorganic chemicals US\$ 31.8 million (27.87 percent); electrical machinery and equipment US\$ 21.8 million (1.72 percent) and sugars and sugar confectionery US\$ 17.0 million (15.45 percent).

While, group of articles of iron and steel experienced the highest decline, i.e. US\$ 130.6 million or 30.55 percent. Other groups of goods which experienced a decline are arms / ammunition at US\$ 106.5 million (98.16 percent), vehicles and parts thereof US\$ 81.2 million (15.86 percent); jewelry / precious stones US\$ 70.9 million (91.72 percent) and plastics and plastic thereof US\$ 63.2 million (10.19 percent).

### Indonesia's Non Oil & Gas Import By 2-Digit Harmonized Tariff Schedule January - September 2014 and 2015

Group of Goods (HS)	CIF Value (Million US\$)				Change (%)			Role Total Import Jan-Sep 2015 (%)
	Aug 2015	Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Sep 2015 from Aug 2015 (Mil. US\$)	Sep'15 from Aug'15 (%)	Jan-Sep'15 against Jan-Sep'14 (%)	
1. Electrical machinery and equipment (85)	1 264,7	1 286,5	13 038,3	11 471,4	21,8	1,72	-12,02	12,96
2. Plastics and articles thereof (39)	620,0	556,8	5 774,1	5 137,3	-63,2	-10,19	-11,03	5,80
3. Vehicles and parts thereof (87)	511,9	430,7	4 850,2	4 202,8	-81,2	-15,86	-13,35	4,75
4. Articles of iron and steel (73)	427,5	296,9	3 215,1	2 840,4	-130,6	-30,55	-11,65	3,21
5. Cereals (10)	193,1	270,3	2 558,2	2 264,1	77,2	39,98	-11,50	2,56



# ECONOMY & BUSINESS

6. Inorganic chemicals (28)	114,1	145,9	363,3	1 245,6	31,8	27,87	-8,63	1,41
7. Sugars and sugar confectionery (17)	110,0	127,0	1 345,1	1 096,2	17,0	15,45	-18,50	1,24
8. Aircraft and parts thereof (88)	37,8	124,9	480,2	590,4	87,1	230,42	22,95	0,67
9. Jewelry/precious stones (71)	77,3	6,4	65,7	332,1	-70,9	-91,72	405,48	0,37
10. Arms/ammunition (93)	108,5	2,0	340,3	190,1	-106,5	-98,16	-44,14	0,21
Total 10 Groups of Goods	3 464,9	3 247,4	33 030,5	29 370,4	-217,5	-6,28	-11,08	33,18
Other Goods	6 826,3	6 352,1	68 324,4	59 160,3	-474,2	-6,95	-13,41	66,82
Total Non Oil & Gas Imports	10 291,2	9 599,5	101 354,9	88 530,7	-691,7	-6,72	-12,65	100,00

## 3. Non Oil & Gas Imports by Major Country of Origin of Goods

Non-oil & gas imports from the thirteen major countries in September 2015 amounted to US\$ 7,638.1 million, down US\$ 587.2 million (7.14 percent) when compared to August 2015. The decrease was caused by the decline in the value of imports from some major countries, such as Singapore US\$ 233.9 million (25.35 per cent), Japan US\$ 113.2 million (9.77 percent) and Malaysia US\$ 69.1 million (15.47 percent).

Meanwhile, if compared to the same period of the previous year, imports from January to September 2015 from the thirteen major countries fell 13.16 percent (US\$ 10,729.6 million). The decrease is mainly contributed by Japan at US\$ 2,789.3 million (21.48 per cent), Thailand at US\$ 1,318.8 million (17.78 percent) and Singapore US\$ 1,048.5 million (13.64 percent).

## Indonesia's Non Oil & Gas Import Value by Country of Origin of Goods and the Changes January - September 2014 and 2015

Country of Origin	CIF Value Million US\$				Change			Import Jan-Sep 2015 (%)
	Aug	Sep	Jan-Sep	Jan-Sep	Sep 2015	Sep'15	Jan-Sep'15	
	2015	2015	2014	2015	from Aug 2015 (Mil. US\$)	from Aug'15 (%)	againsts Jan-Sep'14 (%)	
ASEAN	2 399,9	2 051,5	22 540,6	19 468,3	-348,4	-14,52	-13,63	21,99
1 Singapore	922,7	688,8	7 684,6	6 636,1	-233,9	-25,35	-13,64	7,50
2 Thailand	686,8	691,2	7 419,2	6 100,4	4,4	0,64	-17,78	6,89
3 Malaysia	446,6	377,5	4 355,5	3 753,9	-69,1	-15,47	-13,81	4,24
Other ASEAN	343,8	294,0	3 081,3	2 977,9	-49,8	-14,49	-3,36	3,36
European	1 036,3	969,2	9 583,2	8 484,8	-67,1	-6,47	-11,46	9,58
4 Germany	299,8	274,3	3 107,3	2 604,5	-25,5	-8,51	-16,18	2,94
5 Netherland	103,8	54,6	653,3	586,6	-49,2	-47,40	-10,21	0,66
6 Italy	153,1	109,2	1 354,0	1 057,8	-43,9	-28,67	-21,88	1,20
Other European Union	479,6	531,1	4 468,6	4 235,9	51,5	10,74	-5,21	4,78
Other Main Countries	5 612,5	5 442,5	56 968,0	50 073,0	-170,0	-3,03	-12,10	56,56
7 China	2 511,7	2 481,7	22 414,3	21 494,2	-30,0	-1,19	-4,10	24,28
8 Japan	1 158,3	1 045,1	12 988,2	10 198,9	-113,2	-9,77	-21,48	11,52
9 United Staes of America	585,3	587,1	6 189,3	5 574,9	1,8	0,31	-9,93	6,30
10 South Korea	499,3	521,5	5 750,4	4 794,1	22,2	4,45	-16,63	5,41
11 Australia	401,1	359,0	4 066,5	3 566,2	-42,1	-10,50	-12,30	4,03
12 Taiwan	246,8	240,8	2 734,2	2 388,1	-6,0	-2,43	-12,66	2,70
13 India	210,0	207,3	2 825,1	2 056,6	-2,7	-1,29	-27,20	2,32
Total 13 Main Countries	8 225,3	7 638,1	81 541,9	70 812,3	-587,2	-7,14	-13,16	79,99
Other Countries	2 065,9	1 961,4	19 813,0	17 718,4	-104,5	-5,06	-10,57	20,01
Total Non oil and gas import	10 291,2	9 599,5	101 354,9	88 530,7	-691,7	-6,72	-12,65	100,00

(E)

# MARKET RESPOND POSITIVELY TO GOVERNMENTT ECONOMY POLICY PACKAGE

Jakarta, *Business News*

The grim economic atmosphere was gradually brightening; silver linings appearing to pin hope on. The main indicator was strengthening of Rupiah value against USD.

Over the week Rupiah strengthened significantly, an occurrence that was never even imagined even in the past 7 months. Last Monday (5 / 10) Rupiah was traded at Rp14,503 per USD strengthening by 105 points against previous closing session the day before at around Rp14,600.

Strengthening continued as Rupiah soared through around Rp14,200 per USD. Indisputably the strengthening was very significant and phenomenal because the point of increase was 300. Rupiah even soared up to Rp13,800 per USD. A remarkable performance indeed.

Rupiah outstanding performance was worthy of wide acclaim, an indication that Indonesia's economy was recovering.

Rupiah strengthening would mean strengthening of market optimism, but this positive signal should not be responded with over confidence as it might turn into a boomerang. Remember a time bomb set by the Fed was now ticking in America.

It would be wise and smart to face the present condition with prudence and be appreciative of the Government's step to launch phase I, II, and III Economy Policy Package.

It became imperative for the Government to navigate national economy well so the present positive condition would not be mere momentary relief.

The public was highly expectant that the Gov-

ernment would use Rupiah strengthening as sentiment to revitalize economy. Coordinating Minister Darmin Nasution stated that Government's Economic Policy Package was designed to be inter-supporting to bring effective result for the long run.

The Government was committed to axe 50% of Regulations which overlapped and obstructed progress. Simplification of 12,471 Regulations would be executed by a special committee for regulation reformation under the Ministry of National Development Plan (PPN) and National Development Board /BAPPE-NAS.

So far Indonesia's economy system had been chained by a mess of regulations which made production cost high, and export stagnated. There were around 40 thousand rules and regulations to be modified or simplified.

According to Sofyan Djalil, Minister of National Development Plan/Head of BAPPENASm 40,000 regulations to be overhauled came from 2 sources: 12,471 from the Central Government and 28,000 from regulations made by the Provincial Government.

Revision of the Regulations was felt necessary because most of the Regulations made were problematic. One Regulation was contradictory to another. Data of Bappenas had it that conflicting contradictions could be seen in the rules on Right of Use of Land in Article 29 verse 2 and 3 Law No. 5 .1960 on Basic Regulations on Agriculture versus Article 22 verse 1 Law No. 25 / 2007 on Capital Investment.

In Law No.5 /1960 it was written that The Right to Use Land could be valid for 60 years at the most while in the Law of Capital Investment it could be valid for 95 years at the most. Revisions of Regu-



lations was also necessary because BAPPENAS saw that some regulations were still obscure.

Data of BAPPENAS had it that vague information could be seen among others in Article 14 point a. Law No 25 /2007 in Capital Investment. In the specification it was stated that every investor had the right to legal assurance in the form of Government's guarantee for investors who had fulfilled their obligations; but the Article in that Law did not specify the rights to be given to investors so the Law was prone to multi interpretation.

The present condition which was conducive to betterment was reflected in the policy of the Deposit Insurance Agency (LPS) who lowered their interest for deposits and Rupiah and Foreign currency in banks.

Deposit Interest Guarantee was stipulated to be reduced by 25 bps effective as per January 2016. Now insurance interest deposit in banks in Rupiah was 7,5%; in foreign currency 1.25% and in BPR bank in Rupiah was 10%. The policy was in line with the trend of downturning bank interest in the past 6 months which proved that liquidity still was.

### The Moneymarket

Rupiah in interbank transaction in Jakarta on Thursday (8/10) afternoon weakened by 55 points to become Rp13,876 per USD against the previous position of Rp13,821 per USD. Strengthening of local currencies in developing countries including Rupiah tend to be held back as marketplayers anxiously wait for the Fed's decision to increase FFR this week.

Sentiment from commodity prices propelled by world's oil price which tend to strengthen still posed as positive sentiment to Rupiah and other Asian currencies. The Economic Policy Package Chapter III which prioritized on macro economic restoration.

Marketplayers expected increase of USD was only temporary so it would not put brakes on Rupiah upturn. Meanwhile BIU Mid rate on Thursday (8/10) last posted Rupiah to strengthen to Rp13,809 per USD against the previous Rp14,065 per USD.

Previously on Wednesday (6/10) Rupiah at interbank transaction Jakarta strengthened significantly by 414 points to become Rp13,827 per USD against the previous position of Rp14,241 per USD. This was thanks to expectations for Indonesia's economy to be better for the next 6 months. The Economy Policy



Package Chapter I, II, II released by the Government would show their fruits in the next 6 months and minimize the shock in case the FFR time bomb exploded at FOMC.

Beside the domestic factor, the notion that the Fed would not increase FFR this year made investors again accumulate risky currency including Rupiah. US Employment data which was below expectation minimized probability of the Fed increasing FFR in 2015, while FOMC would meet only two more times in October and December.

Analyst rated that Rupiah was in the process of strengthening as indicated by foreign investors gathering shares amidst bettered investment climate.

Moneymarkets of the developing countries had been on the rally all year through as US employment data disappointed the market. The number of non-farm payroll increased to 142,000 in September against the revised 136,000 in August (which was 173,000).

Unfortunately the figure was way below the expected 203,000 new jobs. This unsatisfactory data faded hope that the Fed would increase interest this year, while unemployment level settled at 5.1%.

The average growth of employment in 2015 dropped to 198,000. Beside steep downfall

in August, in July it also dropped from 245,000 to 223,000. Creation of jobs last September for part time job increased by 53,000 or 1,8% ; it dropped by 185,000.

There were some bright spots in this report, i.e. the average duration of being jobless became 26.3 weeks, the lowest since August 2009. Unemployment level among youngsters dropped steep from 16.9% to 16.3%. The National Statistics Board last week (16/10) also reported the condition of overseas trading being import-dominated so Trade Balance in August again posted deficit, A deficit posted even bigger than the month before.

Last August America's import increased while export slumped, resulting in Trade Balance inclined to the biggest deficit in the last 5 months. Trade deficit swelled to USD 48,3 billion in August 2015, higher

than the deficit in July at USD 41.8 billion.

Deficit in August was the second biggest deficit in the last 8 months of 2015. The report unveiled that America's total export dropped by 4.1 billion to become USD 124.5 billion in August. Export of industrial goods dropped by USD 2.2 billion, oil fuel dropped by USD 600 millions, plastics dropped by USD 200 million and export of crude oil dropped by USD 200 million.

US Employment Data which was below



expectation was fortune to Indonesia's moneymarket. Foreign capital increased by USD 82 million USD at the domestic stockmarket (BEI) in the past 2 days which, when continued, would be the first weekly capital inflow since last July.

There was fading respect for US economy which declined this was visible in the release of US bonds. For many years some central banks of the developing countries were fond of buying American bonds to strengthen their forex reserves.

The trend to collect American bonds increased in times of booming trade surplus of commodity export starting from palm oil to crude oil. But now as global economy slowed down – buyers of US Treasury Bond like China, Russia and Brazil rushed to release their US bonds to the secondary market to increase income.

The large scale selling spree lately was the biggest downturn of demand for US Promissory Notes and Bonds since 1978. Deutsche Bank Securi-

ties stated that for 12 months till last July, foreign Central Banks had sold USD 123 billion ASUS Treasury to be due in One year. More than half of buying of US Treasury Bonds in a year until January 2013 was posted at USD 230 billion.

Although big emitents of US bonds released their ownership, according to Wallstreet Journal foreign demand of US bonds surprisingly increased. US bonds became safe haven when investments was down. The result was that return of US Treasury Bond tend to remain low as private buyers rushed to buy.

Return of US Government Bond (UST Bill) of 10 year tenure over the past week moved in the range of 2% down against 3% in 2013, way below the return before economic slowdown of 2009 at 4% to 5%.

Apparently the Central Bank of China (POBC) sold their USD and bought Yuan. When China sold their US bonds to secure Yuan's value, Russia,



Taiwan, Norwegia and Brazil also sold their US bonds to strengthen their currencies.

Nevertheless China was still posted as the biggest buyer of US bonds amounting to USD 1.244 trillion till May 2015 together with Japan as owner of USD 1.231 trillion of US bonds China commanded over 40% of foreign-owned US bonds.

From the above picture Rupiah at the closing session was projected to be in the range of Rp13,500 – Rp13,700 per USD. This week, Rupiah would continue strengthening in the range of Rp13,400 – Rp13,600 per USD.

#### The Capital Market

During transaction Thursday index of IHSG wa closed to strenngthen by 4.301 points or 0.10% to the position of 4,491.433. Index of LQ 45 also rose by 1.476 points or 0.19% to 768,544 all day long index greened but could not stay long at 4,500.

142 shares increased, 138 shares went down and 95 shares stagnated. Total frequency was 292,935 times; total volume of 5.8 billion shares at transaction value of Rp5.8 trillion. Foreign net buy was Rp683.163 billion in all of the market.

All through the sessions of Indonesia's stockmarket on Thursday (8/10) the mix industry sector was the main sustainer of IHSG that strengthened. The mix industry sector posted significant growth of 2.47% of initial session when IHSG posted growth of 0.10%.

Other sectors which supported IHSG strengthening was Finance and Manufacturing, strengthening by 0.62% and .26% respectively. In total valuation of shares, the Mix Industry Sector was transacted to the amount of 1.36 lots of shares worth Rp 383.91 billion. In the mix industry sector, the emitent being main sustainer was shares of PT Astra International Tbk which posted increase of 3.27% at the position of 6,325 with trade volume of 46,95 million lots at

the value of Rp296,58 billion.

The only thing was that Asia's stockmarket was predicted to be corrected this week end because investors was going to do profit taking after strengthening since early last week. During transaction on Thursday (8/10) last, most of the Asian stockmarket tend to weaken.

Singapore's FSTI Stockmarket for instance was corrected by 0.5% to the level of 2,947.03, Japan's Nikkei dropped by 0.99% to the level of 18,141.17 and Hang Seng dropped by 0,71% to 22,354.91 Corrected Asian stockmarket was due to act of profit taking by investors after strengthening when China's stockmarket was on holiday early last week.

Strengthening of Asian stockmarkets since last week was because of strengthened Asian currencies due to low US economic data which disappointed the market. Presumably Asian stockmarkets would still be corrected as investors were still doing act of profit taking.

Last weekend, investors were waiting for the result of FOMC meeting to judge the Fed's decision and wait for the remark of ECB executives about Europe's economic prospect.

At the Europe's stockmarket last Thursday (8.10) stockmarket index was buoyed by good performance of the Health Service and bio technology and investors' waiting for the official report on company's profit of Q-3.

Index of Dow Jones was closed to inch up by 0.73% at 16,912,29 with increased shares of Merck and Boeing. S&P 500 was closed to inch up by 0.80% at 1,995.83 with strengthening in 8 sectors led by the Health Sector. Meanwhile Nasdaq was closed to inch up by 0.90% at 4,791,15 with strengthened shares of Nasdaq Biotechnology ETF (IBB).

Meanwhile Asia's Stockmarket was opened mixed supported by strengthening of Wall street and

opening of China's stockmarket which was predicted to be stable after holiday a week ago. On the contrary index of Kospi inched up by 0,51% at 2016.17 Meanwhile ASX 200 rose by 0.73% at 5235,90.

In transactions on Wednesday (7/10) IHSG already strengthened by 16,403 points or 0,37% to the level of 4,462,184. Index of LQ 45 was closed to increase by 7.764 points or 1.02% to 767.078 and investors index33 also strengthened by 4.06 points – an increase of 1,3% to 314,62, Investors sought for shares of the cement industry since their performance was good.

PT Semen Baturaja (Persero) posted sales of 162,466 tons in September 2015, an increase of 18% compared to same period the year before at 138,226 tons, Increase of SMBR cement sales was contributed by sales in the Province of South Sumatra which grew by 15% to become 114,597 tons and sales in the Lampung Province which grew by 17% to become 45,102 tons.

Accumulatively by September 2015 sales of SMBR had reached 1,087,500 tons, growing by 27% against last year at 8,53,089 tons. The company would maintain this sales till end of year. The company's Management was confident that by year end sales of cement could reach 1.5 – 1.75 million tons.

Shares of the banking sector was also hunted by investors in line with lowered interest which indicated that liquidity was getting healthier. Now banks were still considering to lower fixed-deposit interest after decision by Deposit Insurance Agency (LPS) to axe LPS rate by 25 basic points.

Some bank already had lowered their fix-Deposit interest significantly due to eased liquidity. Some upper strata banks had already planned to lower their fix-deposit interest to enhance efficiency.

Lowered Deposit Insurance Agency (LPS) rate was in fact adjustment to lowered BI rate exercised last March.

BI's data on money circulation had it that per August 2015 deposit interest of 1,3,6 and 12 months was posted at 7.65%, 8.06%, 8.64%, and 8.58%. The interest descended against previous month posted at 7.7%, 8.13%, and 8.71% respectively.

From the above picture IHSG during closing session last week end (10/10) was projected to move in the range of 4,490 – 5,020 with tendency to slightly strengthen. Meanwhile this week end IHSG was projected to continue strengthening to around 5,000 – 5,075 in line with market optimism related to Government Economic Policy Package Chapter I, II, II. (SS)

## TO STRENGTHEN MARKET CONFIDENCE FOR THE LONG RUN

Jakarta, *Business News*

Transactions of shares at BEI last week was once again revitalized. For example, during trading on Monday last week (5/10) index of IHSG strengthened since early session and was closed to soar up to 135.90 points or 3.23% last week to 4,343.70.

Strengthening of index was triggered by positive sentiment from at home and abroad which motivated investors to buy. By end of session foreign investors were seen to make Foreign Net Buying amounting to Rp390.834 billion.

Entry of foreign capital reduced foreign net selling at the domestic stockmarket to become Rp 12,92 trillion all year through. Foreign ownership in Indonesia's stockmarket governed curveline of share prices.

One of the positive sentiments that energized shares transaction last week was Government's Economy Package Chapter III on October 7 last complemented Economy Policy Package Chapter II released on September 30, 2015, plus Rupiah strengthening.

Strengthening of Rupiah, triggered by delay of FFR increase by the Fed caused backflow of foreign capital to the emerging economies.

High expectations also came from the projections of emitent's performance in Q-3 of 2015 which was predictably stable. The situation motivated players of the stockmarket to do act of buying. Government's plan to lower oil, electricity and gas price in the Economy Policy Package Chapter III enhanced buying at the stock hall.

The result was that all sectoral indices managed to strengthen, with transaction frequency

295,293 times and the number of shares traded totalling 5.58 billion shares worth Rp5,59 trillion.

Lowered oil price would jack up people's purchasing power, which would jack up demand and company's income including emitents.

People's purchasing power would also jack up people's consumption and propel national economy in Q-2 this year to grow at 4.67%, slightly below Q-1 at 4.71%.

To increase people's purchasing power was the main objective in this Economy Policy Package chapter III because in the past 1 year there had been downturn of people's purchasing power which signaled increasing number of poor people.

Data of BPS showed that in March 2015 last the number of poor people in Indonesia had increased by 860,000 people to become 28.59 million or 11,22% of total population compared to September 2014 at 27.74 million people (10,96%) while the number of Jobless people increased by 300,000 people through January-September 2015.

Amidst uncertainty of FFR increase by the Fed, the domestic market was in need of positive sentiments to win back market confidence. IHSG was under pressure to sell and slumped from its highest position in history at 5,523,29 on April 7 2015 last.

By April 7, 2015 IHSG had weakened by 1,179,59 points or minus 21,36% per October 5 2015 last. The weakening of index was on account of low Government budget absorption causing national economic growth to slowdown.

Growth of bank's credit was notably low, around 10.8% per August lastm which was way below the average of national bank credit growth nor-

mally around 25% per year. With growth of that size, economic growth was always above 6% some years ago before the US crisis that rocked the world.

Increased of IHSG and strengthened Rupiah from Rp14,700 per USD to Rp13,800 proved that the market responded positively to Government's Economic Policy Package chapter I, II, III.

It was believed that market repond would remain positive for the middle and loinb terms as the Government promised to launched Chapter IV economy policy package which was expected to be more "powerful".

Package III was rated as effective enough to troubleshoot the core problem, i.e. to prevent mass dismissal of workers, to increase people's purchasing power, to strengthen competitiveness of industry and to drum up investors.

Market response turned even more positive when the Government's economic policy was accompanied by Stimulus Package Policy run by OJK, such as among others: agricultural insurance, venture fund, trustee service and financing oif Creative Economy.

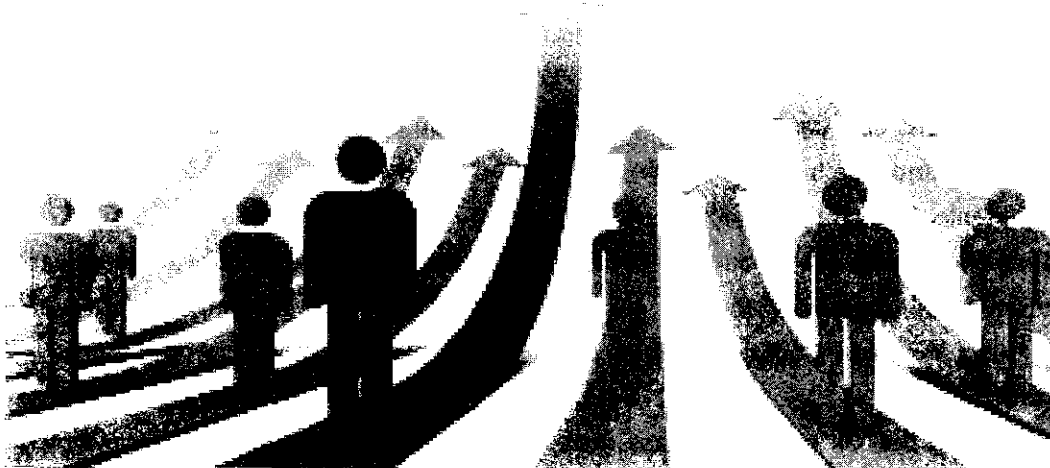
Relaxation strategy by OJK also strenhthened BI policy aimed at stabilizing Rupiah and energizing the banking sector to be more agressive in financing productive sectors.

With synergic combination of economic, monetary and fiscal strategies the sullen economic climate could be revitalized.

The indicator of progress was visible in the strengthening of Rupiah exchange rate value against USD in the past week.

The positive economic climate as indicated in Rupiah and IHSG strengthening must be maintained and safeguarded so as not to let it bei a mere temporary trend and this was indeed the golden momentum for the Government to revitalize economic foundation.

With fast and smart action, the momentum should be a point of no return for the Government to end the long and dragging misery through effective implementation of the Phase I, II, II Econmy Policy Package to ensure sustainable progress.(SS)





# CERTIFICATION OF CONSTRUCTION WORKERS IN INDONESIA STILL LOW BY QUANTITY

Jakarta, *Business News*

The Government admitted certification for workers in Indonesia was still low by quantity. For that matter the Government stated that they had their commitment to increase the number of certified construction workers in Indonesia, because today the number of certified workers was still below 10% of total number of workers.

Yusid Thoyib, Director General of DJBK, Ministry of Public Works and People's Housing stated in Jakarta on Friday (9/10) that today average growth of construction workers in Indonesia was only 6% compared to average growth of construction industry at 21% per year and the number of certified workers in Indonesia which was below 10%.

Yusid further stated that in the effort to increase the number of skilled workers, the Government had their commitment to develop the construction industry by engaging professional institutions like LPJKN, LPJK Province, associations, universities and other stakeholders. To promote quality of national construction industry, the Government aimed at increasing construction projects applying Quality Management up to 40%.

Considering the low number of certified workers in Indonesia, the Government had asked AKI to control and educate their members by applying the SM3K Worker's Safety System properly. As an association of companies undertaking big projects in Indonesia, AKI should guide their members to apply K3. Yusid stated that technology in construction was developing well but it was also the cause why workers' safety was not well observed.

He stressed on the importance of companies applying SMK3 Workers' Safety System properly. Yusid appreciated AKI members who managed to work abroad. He said it was in line with the DJBK 2015 – 2019 strategic program in exporting certified workers abroad. The Government was committed to spur on infra-structure building for the next 5 years.

Meanwhile Suryo Bambang Sulisto Chairman of KADIN stated that the Construction Service Industry had been constantly growing year after year as national economic propeller. KADIN noted that the Construction Market had posted growth of Rp 284 trillion in 2012 and Rp369 trillion in 2013 and in 2014 projected to soar through Rp407 trillion.

Growth of construction in Indonesia even exceeded national economic growth; while supply of raw materials and equipment was still concentrated in Java. Today players of national construction industry numbered 117,042 and consultants numbered 4,414.

As with manpower in Construction, experts constituted 10%, skilled workers 30% and manual workers 60%. Bambang stated that the power of Construction Industry was in distinction in Human Resources not just in expertise or labor but also in command over technology.

Bambang stated that in the spirit of President Joko Widodo's mission and vision and the programs set by the Government, the Construction Industry would predictably develop well and fast. The programs for construction in the Maritime Industry, Bambang said must be well attended to by national constructors so as not to let it be taken by foreign players.(SS)

## 17 PUBLIC NOTARIES APPLY FOR PARTICIPATION IN INVESTMENT PERMIT MANAGEMENT TO BKPM

Jakarta, *Business News*

The Coordinating Board of Investment (BKPM) had received application letters from 17 public notaries as part of the program to recruit public notaries to render Ready-in-3-Hours service for permit applicants. Head of BKPM Franky Sibarani stated that recruitment of public notaries was follow up program of the One-Stop-Service program based on BKPM Regulation No. 14 /2015 on the Procedure of issuance of Principle Permit. That was press release of BKPM received on Friday (9/10).

Since placement of advertisement in the mass media on October 5 last, today 17 public notaries had proposed to BKPM. The number was predicted to increase before time limit on October 11 2015.

The role of Public Notary at BKPM office was important considering that issuance of permit needed professional service of public notaries.

As soon as Investment Permit was completed, the applicant could apply for

Deed of Company's Establishment and Taxpayer Identification Number (NPWP). Selection of Public Notary would be done the transparent way according to the rule.

Meanwhile Deputy Head of Service Dept Indah Lestari remarked that the next procedure would be administrative selection. Those who met the requirement would have to undergo an interview to test their knowledge and experience.

Of all the Notaries who applied, soon there would be only two public notaries who work at BKPM office to render the 3 hour service. Candidate investors must personally present at the One-Stop Service Center because there were documents to be signed.

Other points to be observed in the 3-Hour Service was that the service was only to be given

to projects worth at least Rp100 billion and/or projects that would accommodate at least 1,000 workers. BKPM was committed to allow investments which which would bring the best benefit in terms of employment or workers in Indonesia. (SS)



# INDIA REMOVES ANTI DUMPING DUTIES ON FLOAT GLASS FROM INDONESIA

Jakarta, *Business News*

Indonesian float glass producers / exporters are expected to re-utilize the export market access to India after the Indian government removes the imposition of Anti Dumping Duties (BMAD) on Indonesia. This is good for improving Indonesia's export performance, especially float glass products to destination country India. "The exemption of BMAD for Indonesia on float glass product is an opportunity to increase Indonesia's export performance. Ministry of Trade wished that all manufacturers and exporters of these products can take advantage of export market share in India," said Acting Director General of Foreign Trade, Karyanto Suprih, in Jakarta (October 8).

The Indian government has officially announced on 8 September 2015 that Indonesia is no longer subject to BMAD. The information stated that in the third period, Indonesia is not subject to Anti Dumping Duties (BMAD) on imports of float glass with a thickness of 2 mm to 12 mm (both inclusive) of clear as well as tinted variety (other than green glass) but not including reflective glass, processed glass meant for decorative, industrial or automotive purposes.

In its official notification, the Indian government sets the extension of imposition of BMAD only for float glass product originating from the People's Republic of China (PRC). While, float glass products originating from Indonesia which has been proven qualified, are excluded from the extension of imposition of BMAD. Indonesia submits defenses in the third period of imposition of BMAD (second sunset review) that BMAD imposition on float glass products for over

10 years by the Indian government as an unfair action

This is confirmed by the data of the decision on BMAD imposition to three Indonesian exporters / producers in 2003 – 2008, each worth USD71.16 / MT, USD77.76 / MT and USD81.21 / MT. 10 year period is considered enough for the domestic float glass industry in India to recover from losses due to dumping actions. The Indian government initiated antidumping investigation against float glass products from Indonesia on July 5, 2002. The first sunset review investigation began on December 27, 2007. And, in the second period of 2009 - 2014, each Indonesian exporter / producer is still imposed with BMAD of the same amount. Initiation of the second sunset review is issued on January 3, 2014 for float glass products with HS codes 7005.1000; 7005.2100; 7005.2900; and 7005.3000.

## Increase Stainless Steel Exports to Malaysia

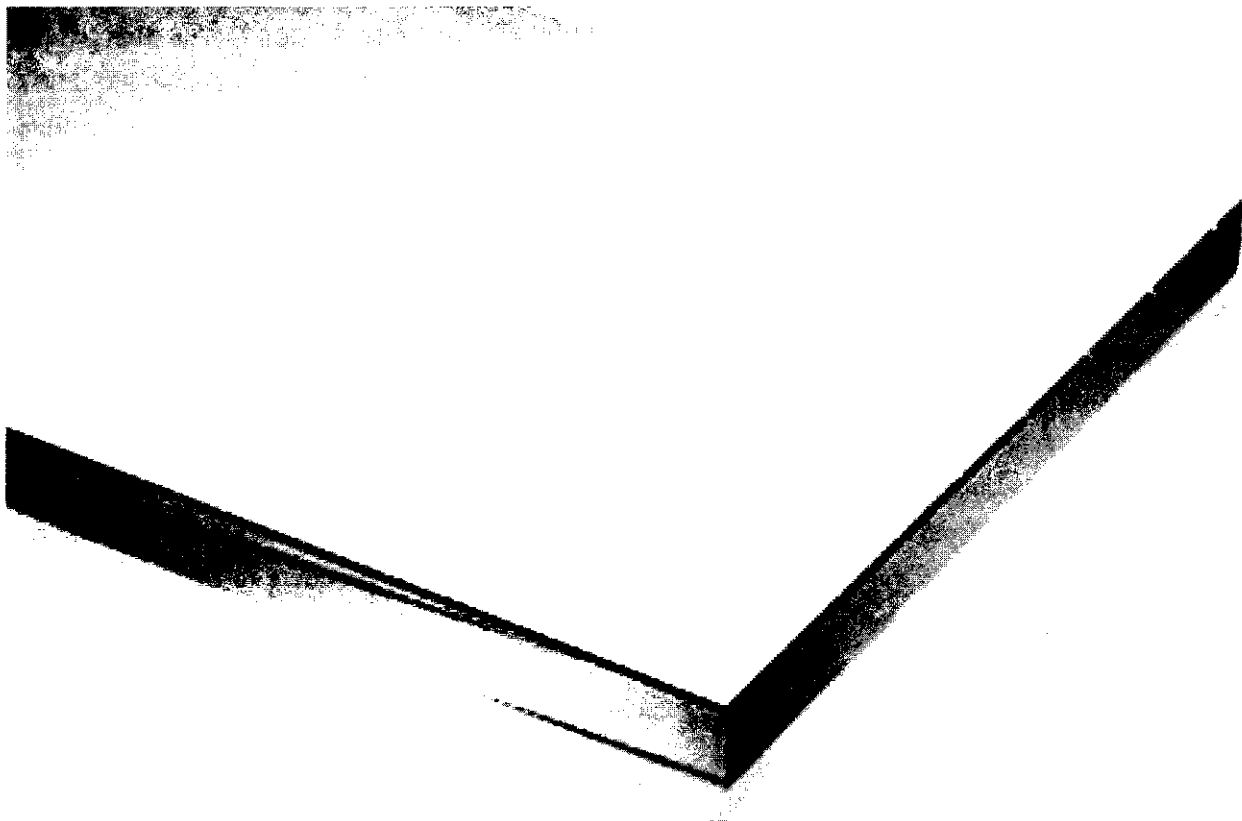
After passing anti-dumping investigation, Indonesian companies can immediately increase exports of stainless steel products to Malaysia. The request is stated by Acting Director General of Foreign Trade of the Ministry of Trade, Karyanto Suprih, in Jakarta (October 80). "It is a golden opportunity for stainless steel exporters or producers to increase exports to Malaysia. Therefore, this opportunity should be utilized as best as possible," he said.

In its official statement at the end of September 2015, Malaysia removed anti-dumping investigations on Cold Rolled Stainless Steel products. The investigation was stopped because the Malaysian government did not find any material losses in the domestic industry in Malaysia. Previously, the Malay-

sian government held anti-dumping investigations on Cold Rolled Stainless Steel products, which originates or imported from Indonesia.

"In the midst of the current economic conditions, exporter manufacturer of Cold Rolled Stainless Steel should be able to take advantage of export market share in Malaysia, and these efforts are expected to increase Indonesia's export performance," he explained. The Indonesian government received infor-

mation on initiation of antidumping investigation on Cold Rolled Stainless Steel products on 24 April 2015 classified under HS codes 721 931 000, 721 933 000, 721 934 000, 721 935 000, 722 020 130, 722 020 190, and 722020900. Previously, the Indonesian government has taken advocacy steps and coordination with Cold Rolled Stainless Steel exporters / producers so that Indonesia can be exempted from the imposition of Anti Dumping Duties (BMAD). (E)



# CREATIVE INDUSTRIES NEED ECONOMIC CHAIN AND SUPPORTING POLICIES

Jakarta, *Business News*

All business lines need to be directed to boost positive economic growth amid the global economic slowdown. SME and the creative industry sectors, which so far only got a small portion, must be encouraged because it is more robust in facing global market turmoil. "The impact of the turmoil in global markets did not much affect SME and creative industry sectors. Although these sectors are small in scale and its contribution to the national economy is still below five per cent, it is reliable as one of the solutions in driving the national economy," said Rosan Perkasa Roeslani, Vice Chairman of Kadin Indonesia for Banking and Finance in the "Economic Dialogue between Local and National Entrepreneurs" in Bandung, West Java, (October 8).

Bandung and West Java in general are the center of national creative industries and SMEs. Bandung for example, has long been known as a center of creativity in terms of design, fashion, architecture, film and video, radio, music, and software technology. Bandung is known as a trendsetter in terms of fashion for young people, and it has strengthened its position as a city of service that offers a variety of distribution products, culinary, home production of soap operas, and art products.

The challenge faced by creative industries is the lack of policies that support creative climate, for example, in terms of licensing, investment, capital, and copyright protection. Another problem is that the creative industries are often large-scale home industry which is still operating independently and not yet synergize to strengthen the bargaining position in the

market.

"What is needed is economic chain formula for the creative industry, which includes the activities of creation, production, and distribution or marketing. If these activities are synergized, productivity and value could be much greater," he explained.

Therefore, he positively believes that creative communities in West Java are the ones that have initiated synergy between products and between small industries. These communities could spur the growth of other start-ups. "The emergence of similar start-ups creates competition which can later increase creativity. From this came superior products, local champions, which if managed properly will be able to have a share in the global market," he said.

He also explained of the importance of SMEs as an economic driver in West Java. BPS data in 2014 showed that West Java Province ranked second in terms of number and types of SMEs per village / sub-district with a total number of 16,405 units. Food and beverage industry occupies the first position with a total number of 4,023 units, followed by wood processing industry (3,987 units), webbing industry (2,266 units), pottery / ceramic industry (1,828 units), and convection and weaving industry (1,779 units).

He believes that if SMEs can be mobilized, West Java economic growth, although slowing, could remain above the average rate of national economic growth. More importantly, sectors which are proven to contribute to the economy of the province and have a large market opportunity can receive priority from the government. One of them is information technology. This sector is proven to be the largest

contributor to the economy of West Java in the second quarter of 2015 which reached 19.12 percent.

One of the real masterpiece is done through Palapa Nusantara Berdikari (Palapa) financing, that has mobilized SMEs in West Java through the provision of capital to potential SMEs in order to support the lifting of status of potential local brands as "local champion", like in Bandung, PT. Sandy Putra, as SME in coffee processing industry in 2013 that has received funding assistance from Palapa. Currently the company has developed rapidly and its products have been successfully exported to North Africa.

Besides SMEs, potential business lines related to tourism also have a great opportunity. Because West Java is still a major tourist destination in Indonesia, both for domestic and foreign tourists, "he concluded. BPS data in 2015 showed that Husein Sastranegara Airport remains one of the main gates for the influx of foreign tourists. The average number of foreign tourists who fly directly to Bandung reaches nearly 15,000 people / month. This figure is far above the data of foreign tourist arrivals through Adi Sucipto Airport (Yogyakarta) and Adisumarmo Airport (Solo).(E)

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# MAHAKAM AND MASELA BLOCK OIL CONCESSION ZONES VIOLATE ARTICLE 33 OF 1945 CONSTITUTION

Jakarta, *Business News*

The National Oil Gas Movement saw that the case of Mahakam Block in East Kalimantan and Mase-la Block in Maluku was very similar in the sense that both concession blocks deviated from Article 33 of 1945 Law. Management of the Mahakam Block with remaining oil gas reserves after being run by Total, a French Corporation and Inpex Corp of Japan would terminate by end of 2017. The same was with Mase-la Block which should be returned to PT Pertamina.

"A Nationalist movement fighting for Mahakam Block and Masela block did not mean that the Movement wished to grab back the concession blocks, but to call out to the Government to once again observe Article 33 Constitution. It would be alright if foreign investors wished to explore the zone but it must not be like the case of PT Freeport in Papua and Newmount in West Nusa Tenggara. Teddy Syamsuri told Business News(07/10).

In the period of President Susilo Bambang Yudhoyono block Mahakam was just regarded as remnants of oil well so the Government of Indonesia would lose if they insisted on taking over business. Ex Minister of Energy Jero Wacik even denied the potential of Mahakam block. "Jero Wacik said that the block was just mere pond.

As if it was useless for the Government to take over Mahakam; but when the question was addressed to the Director of upstream Pertamina he said that the resources was plentiful. "We feel sure we can exploit the Mahakam and Masela block 100%. We learn from the experience of Ibnu Sutowo who

built Pertamina in the 1970's"

GNM proposed a petition in 2012 last to motivate Pertamina to be confident, but the condition worsened instead. Dwi Sutjipto distributed shares to Total and Inpex. "Dwi Sutjipto distributed shares, 70% for Pertamina 30% for Total and Inpex and 10% for PI. A policy as such deviated from Article 33 of 1945 Constitution.

GNM also questioned meeting between top executive of Total and Inpex with President Joko Widodo and the Minister of Energy Sudirman Said. After the meeting SS said that the distribution of shares also applied on Mahakam and Masela block. Furthermore GNM also questioned execution of Corporate Social Responsibility for the Aru Tual which was done half heartedly as mere formality.

In the same location the Coordinating Minister Rizal Ramli underscored that management of national oil and gas must refer to Article 33 of 1945 Constitution. "Especially welfare of the local communities around the projects" Rizal told Business News (7/10).

Management of oil gas was corruption prone. In 1986 Freeport top executives came to visit the officials at the Ministry of Energy and Mineral Energy, bribed him and got extension of concession. "High officials are Governed by the Constitution. They could not freely receive bribery and betray the people and the nation."

Anxiety over energy crisis was ironical against the fact that Indonesia had abundant natural resources. A country or geological wealth was ironically vulnerable to energy crisis.(SS)



## PRICE REFERENCE OF COAL (HBA) AND COAL BENCHMARK PRICE (HPB) PER OCTOBERBER 2015

Jakarta, *Business News*

### HBA

HBA (US\$/Ton)		
Kualitas: CV = 6322 kcal/kg GAR; TM = 8%; TS = 0,8% ar; Ash = 15 % ar	<b>57,39</b>	FOB Vessel

### HPB COAL MARKER

No	BRAND	Typical Quality				HPB MARKER (US\$/ton)
		CV (kcal/kg, GAR)	TM (% ,ar)	TS (% ,ar)	Ash (% ,ar)	
1	Gunung Bayan I	7.000	10,00	1,00	15,00	61,36
2	Prima Coal	6.700	12,00	0,60	5,00	62,98
3	Pinang 6150	6.200	14,50	0,60	5,50	56,91
4	Indominco IM_East	5.700	17,50	1,63	4,80	47,16
5	Melawan Coal	5.400	22,50	0,40	5,00	46,89
6	Envirocoal	5.000	26,00	0,10	1,20	44,83
7	Jorong J-1	4.400	32,00	0,25	4,15	36,06
8	Ecocoal	4.200	35,00	0,18	3,90	33,19

### Example HPB Other Coal Listed on Directorate General of Mineral and Coal

No	BRAND	Typical Quality				HPB (US\$/ton)
		CV (kcal/kg, GAR)	TM (% ,ar)	TS (% ,ar)	Ash (% ,ar)	
9	Gunung Bayan II	7.000	12,00	2,00	10,00	57,98
10	Marunda Thermal Coal	6.600	11,00	0,50	10,00	61,16
11	Trubaindo HCV_HS	6.553	12,00	1,69	4,21	57,66
12	Medco Bara 6500	6.500	10,00	3,28	9,38	50,05
13	Trubaindo HCV_LS	6.423	11,50	0,71	4,76	60,54
14	AGM Waruba Coal	5.313	23,00	0,24	4,00	47,01
15	Pinang 6000 NAR	6.300	14,00	0,60	5,50	58,06
16	Arutmin Satui 10	6.300	11,00	1,00	10,00	56,53
17	Arutmin Senakin	6.250	11,00	1,00	12,00	55,29
18	Arutmin A6250	6.250	10,00	1,20	12,00	55,10
19	Mandiri 1	5.200	25,00	0,60	7,00	42,48
20	Wahana Coal	6.200	12,00	0,90	10,00	55,44
21	Medco Bara 6200	6.200	10,00	4,00	12,00	43,46
22	Indominco IM_West/6500	6.171	15,50	0,76	5,22	55,52
23	TAJ Coal	6.200	10,00	1,00	14,00	54,66
24	Mandiri 2	5.100	26,00	0,60	7,00	41,24
25	Trubaindo MCV_LS	6.143	14,00	0,76	5,20	56,21
26	SKB Coal	6.130	9,00	2,20	17,00	48,64
27	Baramarta Coal	6.112	9,50	0,95	13,00	54,78
28	Arutmin A6100	6100	11,50	1,00	12,50	53,47
29	Insani Coal	6.050	19,00	0,15	3,20	55,69
30	BCS Coal	5.915	15,10	0,56	9,40	52,75

No	BRAND	Typical Quality				HPB (US\$/ton)
		CV (kcal/kg, GAR)	TM (% ,ar)	TS (% ,ar)	Ash (% ,ar)	
31	Indominco IM_West/6350	6.029	15,50	0,71	5,22	54,54
32	Bangun Coal	6.072	10,02	2,20	14,91	48,35
33	Pinang 6000	6.000	16,00	0,60	5,00	54,53
34	Indominco IMM_MCVHS	5.970	15,50	1,65	5,05	50,36
35	Multi Coal Low	5.950	16,00	1,00	7,00	51,72
36	Multi Coal Middle	5.900	16,00	2,00	7,00	47,30
37	Pinang 5900	5.900	19,00	0,90	4,50	50,96
38	Arutmin A5900	5.900	12,00	0,90	13,00	51,63
39	Multi Coal High	5.765	16,00	3,20	7,00	41,38
40	KCM Coal	5.730	10,50	0,90	20,50	48,00
41	TSA Coal	5.700	18,00	2,00	8,00	44,12
42	Tanito Coal	5.700	17,50	1,00	8,50	48,20
43	Mahakam Coal	5.700	17,50	1,00	8,50	48,20
44	Ebony High Sulphur	5.700	18,00	1,75	4,70	46,44
45	Pinang 5700	5.700	19,00	0,50	5,00	50,76
46	IBP 5500	5.500	20,00	1,00	7,00	45,82
47	Arutmin A5700	5.700	11,00	0,80	14,00	50,46
48	BSS Coal	5.520	10,00	0,45	15,50	50,22
49	Lanna Harita Coal	5.500	22,00	1,00	6,00	45,13
50	Pinang 5500	5.500	21,00	0,40	5,50	48,27
51	Mahoni Medium Sulphur	5.500	20,00	1,30	4,70	45,54
52	Mahoni	5.500	20,00	0,80	4,70	47,54
53	Mahakam Coal B	5.400	23,00	1,50	8,00	41,03
54	Mahoni B	5.300	22,50	0,80	4,60	44,69
55	Kideco Coal	5.125	24,50	0,10	2,00	46,18
56	Agathis	5.100	25,00	0,82	4,50	41,86
57	Lanna Harita Coal	5.000	27,00	1,20	6,00	38,02
58	IBP 5000	5.000	25,00	1,00	7,00	39,40
59	Sungkai Medium Sulphur	5.000	26,00	1,30	4,50	38,71
60	Sungkai	5.000	26,00	0,90	4,50	40,31
61	Sungkai High Sulphur	5.000	26,00	1,70	4,50	37,11
62	Arutmin A5000	5.000	22,40	0,54	8,90	41,76
63	AGM Warute Coal	4.350	33,00	0,40	4,00	34,76
64	IBP 4600	4.600	28,00	0,50	7,00	37,08
65	Bas Gumay Coal	4.400	35,00	0,50	4,96	33,44
66	IBP 4400	4.400	30,00	0,50	7,00	34,79
67	IBP 4200	4.200	32,00	0,50	6,00	32,36
68	PIC Coal	4.200	33,00	1,75	6,00	26,93
69	BIB 4000	4.000	38,00	0,50	6,00	28,60
70	Borneo BIB	3.800	41,00	0,40	5,00	21,45
71	AGM Warutas Coal	3.800	40,00	0,15	5,23	21,84
72	PKN 3500	3.520	43,40	0,15	3,40	19,02
73	BMPclenco32	3.200	48,00	0,50	5,00	15,82
74	LIM 3010	3.010	47,50	0,60	5,30	15,03
75	LIM 3000	2.995	50,10	0,60	5,30	14,18

## Provision :

1. The above price reference of coal was price of coal for spot transaction, for the period of October 1 to October 31, 2015
2. In the event that sales transaction was done in term basis price of coal would refer to the latest average 2 (three) benchmark price on the month when agreement was made with multiplier factor of 50% for the latest reference price, 30% for price of coal the month before and 20% for benchmark price of two months before.

(BN)

# FOREIGN EXCHANGE RATES

Jakarta, *Business News*

## EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	OCTOBER 15, 2015			OCTOBER 13, 2015			OCTOBER 12, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,702.30	9,754.07	9,805.84	9,851.02	9,903.41	9,955.79	9,833.53	9,885.41	9,937.28
BND (Brunei)	1,-	9,603.43	9,652.78	9,702.12	9,610.97	9,662.89	9,714.80	9,557.06	9,605.54	9,654.02
CAD (Canada)	1,-	10,241.67	10,295.60	10,349.53	10,330.86	10,385.34	10,439.81	10,370.74	10,423.01	10,475.27
CHF (Switzerland)	1,-	13,922.29	13,994.75	14,067.21	13,992.74	14,066.21	14,139.68	13,939.87	14,016.91	14,093.94
CNY (China Yuan)	1,-	2,085.42	2,095.83	2,106.24	2,133.29	2,144.05	2,154.80	2,113.21	2,123.78	2,134.34
DKK (Denmark)	1,-	2,033.12	2,043.43	2,053.73	2,052.84	2,063.35	2,073.85	2,041.81	2,052.34	2,062.86
GBP (United Kingdom)	1,-	20,461.05	20,565.19	20,669.32	20,647.61	20,754.43	20,861.24	20,539.33	20,644.74	20,750.15
HKD (Hong Kong)	1,-	1,706.04	1,714.57	1,723.10	1,740.38	1,749.27	1,758.16	1,728.84	1,737.52	1,746.19
JPY (Japan)	100,-	11,101.60	11,157.96	11,214.31	11,253.96	11,311.65	11,369.33	11,148.18	11,204.87	11,261.55
KRW (Korean )	1,-	11.68	11.74	11.80	11.74	11.80	11.86	11.67	11.73	11.79
KWD (Kuwaiti Dinar)	1,-	43,766.96	44,058.84	44,350.71	44,650.78	44,905.77	45,160.76	44,367.55	44,619.12	44,870.69
MYR (Malaysia)	1,-	3,213.90	3,231.92	3,249.94	3,215.49	3,235.59	3,255.68	3,208.57	3,227.73	3,246.88
NOK (Norway)	1,-	1,635.90	1,645.50	1,655.10	1,664.82	1,673.96	1,683.10	1,657.94	1,666.96	1,675.98
NZD (New Zealand)	1,-	9,020.05	9,067.08	9,114.11	8,987.72	9,035.76	9,083.79	8,974.65	9,020.88	9,067.11
PGK (Papua New Guinea)	1,-	4,469.04	4,591.50	4,713.96	4,582.21	4,706.14	4,830.06	4,548.96	4,673.21	4,797.45
PHP (The Philippines)	1,-	288.85	290.33	291.80	292.98	294.53	296.07	291.66	293.19	294.71
SAR (Saudi Arabian Riyal)	1,-	3,527.75	3,545.60	3,563.44	3,596.78	3,616.03	3,635.27	3,572.59	3,590.94	3,609.28
SEK (Sweden)	1,-	1,629.47	1,638.06	1,646.65	1,648.58	1,657.35	1,666.12	1,635.28	1,643.76	1,652.24
SGD (Singapore)	1,-	9,603.43	9,652.78	9,702.12	9,610.97	9,662.89	9,714.80	9,557.06	9,605.54	9,654.02
THB (Thailand)	1,-	375.41	377.39	379.37	379.65	381.67	383.69	376.38	378.37	380.35
USD (United States)	1,-	13,222.00	13,288.00	13,354.00	13,489.00	13,557.00	13,625.00	13,399.00	13,466.00	13,533.00
EUR (Europe)	1,-	15,169.60	15,248.00	15,326.39	15,316.76	15,395.34	15,473.91	15,234.66	15,313.55	15,392.43

NOTE : The middle rate is based on Business News calculation

**EXCHANGE RATES BASIS FOR THE PAYMENT OF  
IMPORT DUTY, VALUE ADDED TAX ON GOODS  
AND SERVICES AND SALES TAX ON  
LUXURY GOODS, EXPORT TAX AND  
INCOME TAX FOR THE PERIOD OF  
OCTOBER 14, 2015 TO OCTOBER 20, 2015  
(Decree of the Minister of Finance KMK 45/KM.10/2015  
dated October 13, 2015)**

THE MINISTER OF FINANCE,

Considering :

- a. as payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax, on goods imports, tax debts connected with value added tax on goods and service and sales tax on luxury goods, export tax, and income received or earned in the form of foreign currencies, must first be valued in the rupiah;
- b. that it is therefore necessary to stipulate a decree concerning the exchange rates as the basis for the payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax for the period of October 14, 2015 To October 20, 2015.

In view of :

1. Law No. 7/1983 (BN No. 4009 pages 1A-3A and so on) on income tax (Statute Book of 1983 No. 50, Supplement to Statute Book No. 3263) as already amended the latest by the No. 10/1994 on the amendment of Law No. 17/2000 (BN No. 6513 pages 15A-18A and so on) (Statute Book of 2000

- No. 127, Supplement to Statute Book No. 3985);
2. Law No. 8/1983 (BN No. 4013 pages 1A-3A and so on) on value added tax on goods and services and sales tax on luxury goods (Statute Book of 1983 No. 51, Supplement to Statute Book No. 3264) as already amended by Law No.42/2009 (Statute Book of 2009 No. 150);
3. Law No. 10/1995 (BN No. 5812 pages 19A-20A and so on) on customs affairs (Statute Book of 1995 No. 75, Supplement to statute Book No. 3612) as already amended by Law No.17/2006 (Statute Book of 2006 No. 93, Supplement to Statute Book No. 4661) ;
4. Law No. 11/1995 (BN No. 5813 pages 6A-10A and so on) on Excise (Statute Book of 1995 No. 76, Supplement to Statute Book No. 3613) as already amended by Law No. 39/2007 (Statute Book of 2007 No.105, Supplement to Statute Book No. 4755);
5. Presidential Decree No. No. 84/P Year 2009;
6. Decree of the Minister of Finance No.347/KMK.01/2008 on Delegation of Authority to First-Echelon Officials within the Ministry of Finance to Sign Letters and/or Decrees of the Minister of Finance on behalf and for the Minister of Finance;

# GOVERNMENT REGULATIONS

## DECIDES :

2015 TO OCTOBER 20, 2015

To stipulate:

THE DECREE OF THE MINISTER OF FINANCE CONCERNING EXCHANGE RATES AS THE BASIS FOR THE PAYMENT OF IMPORT DUTY, VALUE ADDED TAX ON GOODS AND SERVICES AND SALES TAX ON LUXURY GOODS, EXPORT TAX AND INCOME TAX FOR THE PERIOD OF OCTOBER 14,

1	Rp.	13,764.00	per (USD)	1,-
2	Rp.	9,900.59	per (AUD)	1,-
3	Rp.	10,589.49	per (CAD)	1,-
4	Rp.	2,084.96	per (DKK)	1,-
5	Rp.	1,775.95	per (HKD)	1,-
6	Rp.	3,257.63	per (MYR)	1,-
7	Rp.	9,137.51	per (NZD)	1,-
8	Rp.	1,687.14	per (NOK)	1,-
9	Rp.	21,069.63	per (GBP)	1,-
10	Rp.	9,787.38	per (SGD)	1,-
11	Rp.	1,673.32	per (SEK)	1,-
12	Rp.	14,250.31	per (CHF)	1,-
13	Rp.	11,459.71	per (JPY)	100,-

## Article 2

In the case of the absence of other foreign currencies in Article 1, the exchange rates used as the basis of payment shall be the daily spot exchange rates of the foreign currencies concerned on the international market against the United States dollar effective on the previous day's closing and multiplied by the rupiah exchange rate against the United States dollar as stipulated in this decree of the Minister of Finance.

## Article 3

This decree shall come into force as from October 14, 2015 To October 20, 2015.

## Article 1

The exchange rates as the basis for the payment of import duty, value added on goods and services and sales tax on luxury goods, export tax and income tax, from October 14, 2015 To October 20, 2015 shall be as listed :

14	Rp.	10.68	per (MMK)	1,-
15	Rp.	211.6	per (INR)	1,-
16	Rp.	45,561.16	per (KWD)	1,-
17	Rp.	131.76	per (PKR)	1,-
18	Rp.	298.45	per (PHP)	1,-
19	Rp.	3,670.18	per (SAR)	1,-
20	Rp.	97.89	per (LKR)	1,-
21	Rp.	384.45	per (THB)	1,-
22	Rp.	9,788.91	per (BND)	1,-
23	Rp.	15,556.40	per (EUR)	1,-
24	Rp.	2,167.77	per (CNY)	1,-
25	Rp.	11.91	per (KRW)	1,-

For public cognizance, this decree of the Minister of Finance shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On October 13, 2015

On Behalf Of THE MINISTER OF FINANCE

Caretaker Head Of Fiscal Policy

sgd.

ANDIN HADIYANTO

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# **PROCEDURE OF SCRAPPING STATE-OWNED GOODS**

## **(Regulation of the Finance Minister No. 50/PMK.06/2014 dated March 14, 2014)**

**[Continued from Business News No. 8764 page 44-48]**

### **Part Three**

#### **Scrapping due to Court Verdict with Fixed Legal Force and No Other Legal Effort Made**

##### **Article 8**

- (1) If BMN is scrapped due to a court verdict with fixed legal force and no other legal effort made, goods manager shall audit the BMN.
- (2) The audit as referred to in paragraph (1) covers:
  - a. audit of data and document of BMN;
  - b. audit of the content of court verdict related to BMN as an object of court verdict receiving fixed legal force and no other legal effort made; and
  - c. on-site visit, if needed, to ensure that BMN serving as an object of court verdict matches BMN serving as an object of scrapping.
- (3) The audit as referred to in paragraph (2) is put in a report of audit result.
- (4) Based on the report of audit result as referred to in paragraph (3), goods manager scraps BMN from DBPL by issuing a decision on scrapping.

### **Part Four**

#### **Scrapping due to Destruction**

##### **Article 9**

- (1) BMN at goods manager can be destroyed :
  - a. if it cannot be used, utilized and transferred to other party; or
  - b. due to other reason according to the law and regulation.
- (2) The destruction of BMN as referred to in paragraph (1) is done by :
  - a. burning it;
  - b. destroying it;
  - c. hoarding/burying it;
  - d. sinking it; or
  - e. according to the law and regulation.
- (3) The destruction of BMN as referred to in paragraph (1) is put in an official report of destruction.
- (4) Based on the official report of destruction as referred to in paragraph (3), goods manager shall scrap BMN from DBPL by issuing a decision on scrapping.

## **GOVERNMENT REGULATIONS**

### **Part Five**

#### **Scrapping Due to Other Causes**

##### **Article 10**

- (1) If BMN is scrapped due to other causes, goods manager shall audit the BMN.
- (2) The audit as referred to in paragraph (1) covers:
  - a. audit of data and document of BMN; and
  - b. on site visit, if necessary.
- (3) The audit as referred to in paragraph (2) is put in a report of audit result.
- (4) Based on the report of audit result as referred to in paragraph (3), goods manager shall scrap BMN from DBPL by issuing a decision on scrapping.

### **Part Six**

#### **Scrapping Due to Handover to Goods User**

##### **Article 11**

- (1) If BMN at goods manager is handed over to goods user, goods manager shall scrap BMN from DBPL based on an official report of handover between goods manager and goods user.
- (2) The scrapping of BMN from DBPL as referred to in paragraph (1) is done by issuing a decision on scrapping.

### **Part Seven**

#### **Scrapping Due to Law and Regulation**

##### **Article 12**

- (1) If BMN is scrapped due to the law and regulation, goods manager shall audit the BMN.
- (2) The audit as referred to in paragraph (1) covers:
  - a. audit of data and document of BMN; and
  - b. on site visit, if necessary.
- (3) The audit as referred to in paragraph (2) is put in a report of audit result.
- (4) Based on the report of audit result as referred to in paragraph (3), goods manager shall scrap BMN from DBPL by issuing a decision on scrapping.

## **CHAPTER III**

### **THE SCRAPPING OF BMN**



AT GOODS USER

Part One

General Principles

Article 13

The scrapping of BMN at goods user is done if the BMN is no longer under the control of goods user and/or proxy of goods user.

Article 14

- (1) BMN at goods user is scrapped by scrapping the BMN from DBP and DBKP.
- (2) The scrapping of BMN from DBP and DBKP is done due to one of the following causes:
  - a. handover to goods manager;
  - b. transfer of use status of BMN to other goods user;
  - c. transfer to other party;
  - d. court verdict with fixed legal force and no other legal effort made;
  - e. law and regulation;
  - f. destruction;
  - g. other causes.
- (3) The other causes as referred to in paragraph (2) letter g are causes that can normally be predicted to be a reasonable cause of scrap, such as heavy damage, disappearance, depreciation, evaporation, melting, expiry, death/heavily handicapped/unproductive for plants/animals and as a result of force majeure.
- (4) The scrapping of BMN as referred to in paragraph (1) is done by goods user and proxy of goods user based on a decision on scrapping issued by goods user after securing approval from goods manager.

Part Two

Scrapping Due to Handover of BMN

to Goods Manager

Article 15

- (1) The scrapping of BMN from DBP and/or DBKP by goods user and/or proxy of goods user is done based on an official report of handover,
- (2) The scrapping of BMN as referred to in paragraph (1) is done by issuing a decision on the scrapping of BMN.

## GOVERNMENT REGULATIONS

- (3) The decision on the scrapping of BMN as referred to in paragraph (2) is issued by goods user no later than 2 (two) months since the date of the official report of handover.
- (4) Goods user shall submit a report of scrapping to goods manager no later than 1 (one) month since the signing of a decision on the scrapping of BMN by issuing a decision on the scrapping of BMN and official report of handover BMN to goods manager.
- (5) Based on the report of scrapping as referred to in paragraph (4), goods manager shall adjust the recording of BMN in the List of State-Owned Goods (DBMN).

### Article 16

- (1) A change in DBP and/or DBKP as a result of the handover of BMN to goods manager shall be recorded in the mid-yearly report and yearly report of goods user and/or proxy of goods user.
- (2) The change in DBMN as a result of scrapping due to the handover of BMN from goods user to goods manager shall be contained in a mid-yearly report and yearly report.

### Part Three

#### Scrapping Due to the Transfer of Usage Status of BMN to Other Service User

### Article 17

- (1) The scrapping of BMN from DBP and/or DBKP by goods user and/or proxy of goods user is done based on an official report of handover.
- (2) The scrapping of BMN as referred to in paragraph (1) is done by issuing a decision on the scrapping of BMN.
- (3) The decision on the scrapping of BMN as referred to in paragraph (2) is issued by goods user no later than 2 (two) months since the issuance of the official report of handover.
- (4) Goods user submits the report of scrapping to goods manager no later than 1 (one) month since the signing of a decision on the scrapping of BMN by enclosing the decision on the scrapping of BMN and an official report of handover of use status of BMN.
- (5) Based on the report of scrapping as referred to in paragraph (4), goods user shall adjust the recording of BMN in DBMN.

### Article 18

- (1) A change in DBP and/or DBKP as a result of scrapping due to transfer of use status of BMN shall be put in a mid-yearly report and yearly report of goods user and/or proxy of goods user.

- (2) A change in DBMN as a result of scrapping due to transfer of use status of BMN shall be put in a mid-yearly report and yearly report of BMN.

#### Part Four

##### Scrapping Due to Transfer to Other Party

#### Article 19

- (1) The scrapping of BMN from DBP and/or DBKP by goods user and/or proxy of goods user is done based on an official report of handover.
- (2) The scrapping of BMN as referred to in paragraph (1) is done by issuing a decision on the scrapping of BMN.
- (3) The decision on the scrapping of BMN as referred to in paragraph (2) is issued by goods user no later than 2 (two) months since the official report of handover is signed.
- (4) Goods user shall report the scrapping of BMN to goods manager no later than 1 (one) month since the decision on the scrapping of BMN is signed by enclosing a decision on the scrapping of BMN along with :
- a. an auction summary and an official report of handover if transfer to other party is done through auction sale;
  - b. an official report of handover if transfer to other party is done through non-auction sale, swap, and participation of the central government's shares;
  - c. an official report of handover and grant script if transfer to other party is done in the form of grant.
- (5) Based on the report of scrapping as referred to in paragraph (4), goods manager shall scrap BMN from DBMN.

#### Article 20

- (1) A change in DBP and DBKP as a result of scrapping due to transfer of BMN to other party shall be put in a mid-yearly and yearly report of goods of user and goods of proxy of user of goods user and/or proxy of goods user.
- (2) A change in DBMN as a result of scrapping due to transfer of BMN to other party shall be put in a mid-yearly report and yearly report of BMN.

#### Part Five

##### The Scrapping Due to Court Verdict with Fixed Legal Force and No Other

Legal Effort Made

Article 21

- (1) Goods user files an application for the scrapping of BMN to goods manager containing at least:
  - a. consideration and reason for scrapping; and
  - b. data of BMN for which scrapping is applied, covering at least acquisition year, asset number/sequential registration number, type, identity, condition, location, book value and/or acquisition value.
- (2) The application for the scrapping of BMN as referred to in paragraph (1) is accompanied by at least :
  - a. a copy/photocopy of court verdict validated by the authorized official; and
  - b. a photocopy of ownership document or the like.
- (3) Goods manager audits the application for the scrapping of BMN from goods user as referred to in paragraph (1).
- (4) The audit as referred to in paragraph (3) cover:
  - a. audit of data and document of BMN;
  - b. audit of the content of court verdict related to BMN as an object of court verdict with fixed legal force and no other legal effort made; and
  - c. on site visit, if necessary,  
to ensure that BMN serving as the object of court verdict matches BMN serving as the object of the application for scrapping.
- (5) The audit as referred to in paragraph (4) is put in a report of audit result.
- (6) Based on the report of audit result as referred to in paragraph (5):
  - a. if the application for the scrapping of BMN is not approved, goods manager shall notify goods user filing the application along with reason; or
  - b. if the application for the scrapping of BMN is approved, goods user shall issue a letter approving the scrapping of BMN.
- (7) The letter of approval for the scrapping of BMN as referred to in paragraph (6) letter b shall contain at least :
  - a. data of BMN approved to be scrapped, covering at least acquisition year, asset number /sequential registration number, technical specification/identity, type, condition, quantity, book value and/or acquisition value; and
  - b. the obligation of goods user to report the scrapping of BMN to goods manager.

**Article 22**

- (1) Based on the approval from goods manager as referred to in Article 21 paragraph (6) letter b, goods user scraps BMN from DBP and/or DBKP by issuing a decision on scrapping..
- (2) The decision on the scrapping of BMN as referred to in paragraph (1) is issued by goods user no later than 2 (two) months since the date of approval from goods manager to scrap BMN.
- (3) Goods user submits a report of scrapping to goods manager no later than 1 (one) month since the decision on the scrapping of BMN is signed by enclosing a decision on the scrapping of BMN.
- (4) Based on the report of scrapping as referred to in paragraph (3), goods manager scraps BMN from DBMN.

**Article 23**

The scrapping as referred to in paragraph Articles 21 and 22 is only done due to a court verdict with fixed legal force and non other legal effort made, either by goods user or goods manager.

**Article 24**

- (1) A change in DBP and/or DBKP as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report of goods user and/or proxy of goods user.
- (2) A change in DBMN as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report.

**Part Six**

**The Scrapping of BMN Due to  
The Implementation of Law and Regulation**

**Article 25**

- (1) Goods user files an application for the scrapping of BMN to goods manager containing at least:
  - a. consideration and reason for scrapping; and
  - b. data of BMN for which scrapping is applied, covering at least acquisition year, asset number/sequential registration number, type, identity, condition, location, book value and/or acquisition value.
- (2) Goods manager audits the application for the scrapping of BMN from goods user as referred to in paragraph (1).
- (3) Based on the audit as referred to in paragraph (2), goods manager issues approval for the scrapping of BMN.
- (4) The approval for the scrapping of BMN as referred to in paragraph (3) covers at least :

- a. data of BMN approved to be scrapped, covering at least acquisition year, asset number/sequential registration number, technical specification/identity, type, condition, quantity, book value and/or acquisition value; and
  - b. the obligation of goods user to report the scrapping of BMN to goods manager.
- (5) Based on the approval from goods manager as referred to in paragraph (3), goods user scraps BMN from DBP and/or DBKP by issuing a decision on scrapping..
- (6) The decision on the scrapping of BMN as referred to in paragraph (5) is issued by goods user no later than 2 (two) months since the date of approval from goods manager to scrap BMN.
- (7) Goods user submits a report of scrapping to goods manager no later than 1 (one) month since the decision on the scrapping of BMN is signed by enclosing a decision on the scrapping of BMN.
- (8) Based on the report of scrapping as referred to in paragraph (7), goods manager scraps BMN from DBMN.

#### Article 26

- (1) A change in DBP and/or DBKP as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report of goods user and/or proxy of goods user.
- (2) A change in DBMN as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report.

#### Part Seven

##### The Scrapping of BMN Due to Destruction

##### Paragraph 1

##### General Principles

#### Article 27

- (1) The destruction of BMN at goods user can be done if :
- a. BMN cannot be used, utilized, and transferred to other party; or
  - b. other reason according to the law and regulation.
- (2) The destruction of BMN as referred to in paragraph (1):
- a. is done by goods user after securing approval from goods manager;
  - b. is done by :
    - 1. burning it;

2. destroying it;
  3. hoarding/burying it;
  4. sinking it; or
  5. according to the law and regulation;
- c. is put in an official report of destruction and is reported to goods manager.

## Paragraph 2

### Application for Scrapping

#### Article 28

- (1) Goods user files an application for the scrapping of BMN due to destruction to goods manager containing at least:
- a. consideration and reason for scrapping;
  - b. data of BMN for which scrapping is applied, covering at least acquisition year, asset number/sequential registration number, type, identity, condition, location, book value and/or acquisition value.
  - c. A written statement of absolute responsibility (SPTJM) from goods user/appointed official, containing at least :
    1. identity of goods user/appointed official 0000;
    2. written statement of full responsibility for the truth of application filed, either materially or formally; and
    3. statement that BMN can no longer be used, utilized and transferred to other party or that BMN shall be destroyed based on the mandate of the law and regulation.
  - d. a photocopy of ownership evidence, for BMN which must be equipped with ownership evidence;
  - e. a photocopy of decision on the status of use, for BMN whose use status must be stipulated;
  - f. identity card of goods for BMN which must be accompanied with identity cards of goods; and
  - g. a photocopy of BMN.
- (2) If the ownership evidence as referred to in paragraph (1) letter d is not found, it can be replaced with other evidence such as contract document, sales-purchase deeds, sale purchase agreement and other similar document.



Paragraph 3

Approval of Scrapping

Article 29

- (1) Goods manager audits the application for the scrapping of BMN due to destruction as referred to in Article 28 paragraph (1).
- (2) The audit as referred to in paragraph (1) covers:
  - a. audit of whether consideration and reason behind the application for the scrapping of BMN is reasonable;
  - b. audit of administrative data covering at least acquisition year, asset number/sequential registration number, specification/identity of BMN, condition, location, use status, ownership evidence for BMN which must be accompanied by ownership evidence, book value and/or acquisition value; and
  - c. audit of physical condition of BMN for which scrapping due to destruction is applied, if needed.
- (3) Based on the audit as referred to in paragraph (1), goods manager decides whether or not to approve the application for the scrapping of BMN due to destruction.
- (4) If the application for the scrapping of BMN due to destruction is not approved, goods manager shall notify goods user filing the application along with reason.
- (5) If the application for the scrapping of BMN due to destruction is approved, goods manager shall issue a decision approving the scrapping of BMN due to destruction.
- (6) The approval for the scrapping of BMN due to destruction as referred to in paragraph (5) shall cover at least :
  - a. data of BMN approved to be scrapped, covering at least acquisition year, asset number /sequential registration number, technical specification/identity, type, condition, quantity, book value and/or acquisition value; and
  - b. the obligation of goods user to report the scrapping of BMN to goods manager.

Article 30

- (1) Based on the approval for the scrapping of BMN as referred to in Article 29 paragraph (5), goods user destroys BMN.
- (2) The destruction as referred to in paragraph (1) is put in an official report of destruction and is realized no later than 1 (one) month since the date of approval for the scrapping of BMN from goods manager.
- (3) Based on the official report of destruction as referred to in paragraph (2), goods user and/or proxy of goods

user scrap BMN from DBP and/or DBKP by issuing a decision on scrapping.

- (4) The decision on the scrapping of BMN as referred to in paragraph (3) is issued by goods user no later than 2 (two) months since the date of approval for the scrapping of BMN from goods manager.
- (5) Goods user submits a report of scrapping due to destruction to goods manager no later than 1 (one) month since the decision on the scrapping of BMN is signed by enclosing a decision on scrapping and official report of the destruction of BMN.
- (6) Based on the report of scrapping as referred to in paragraph (5), goods manager scraps BMN from i DBMN.

#### Article 31

- (1) A change in DBP and/or DBKP as a result of the scrapping due to destruction shall be put in a mid-yearly report and yearly report of goods user and/or proxy of goods user.
- (2) A change in DBMN as a result of the scrapping of BMN due to destruction shall be put in a mid-yearly report and yearly report.

#### Part Eight

#### Scrapping Due to Other Causes

#### Article 32

- (1) Goods user files an application for the scrapping of BMN to goods manager, covering at least :
  - a. consideration and reason for scrapping; and
  - b. data of BMN for which scrapping is applied, covering at least acquisition year, asset number/sequential registration number, type, identity, condition, location, book value and/or acquisition value.
- (2) If the application for the scrapping of BMN as referred to in paragraph (1) is filed because of the reasons :
  - a. being lost, the application shall be complete with :
    1. a written statement from the police; and
    2. a written statement of absolute responsibility (SPTJM) from goods user/appointed official, covering at least :
      - a) identity of goods user/appointed official;
      - b) statement of full responsibility for the truth of application filed, either materially or formally; and
      - c) statement that BMN is lost and cannot be recovered.
  - b. heavily damaged, depreciating, evaporating, melting, expiring, died/seriously handicapped/being

unproductive for animals/plants, the application shall be complete with a written statement of absolute responsibility (SPTJM) from goods user/appointed official, containing at least :

1. identity of goods user/appointed official;
2. statement of full responsibility for the truth of application filed, either materially or formally; and
3. statement that BMN has been heavily damaged, depreciated, evaporated, melted, expired, died/unproductive for animals/plants.

c. force majeure, the application shall be accompanied by 2 (two) documents as follows:

1. a written statement from the authorized agency about:
  - a) force majeure; or
  - b) the latest condition of goods due to force majeure.
2. Written statement of absolute responsibility (SPTJM) from goods user/appointed official, containing at least :
  - a) identity of goods user/appointed official;
  - b). statement of full responsibility for the truth of application filed, either materially or formally; and
3. statement that BMN has been affected by force majeure.

(3) Goods manager audits the application for the scrapping of BMN as referred to in paragraph (1).

(4) The audit as referred to in paragraph (3) covers:

- a. audit of whether consideration and reason behind the application for scrapping is reasonable;
- b. audit of administrative data covering at least acquisition year, asset number/sequential registration number, specification/identity of BMN, condition, location, use status, ownership evidence for BMN which must be accompanied by ownership evidence, book value and/or acquisition value; and
- c. audit of physical condition for the application for the scrapping due to the reasons referred to in paragraph (2) letters b and c, if needed.

(5) If the application for scrapping is not approved, goods manager shall notify goods user filing the application along with reasons.

(6) If the application for scrapping is approved, goods manager shall issue a decision approving the scrapping of BMN.

(7) The approval for the scrapping of BMN as referred to in paragraph (6) covers at least:

- a. data of BMN approved to be scrapped, covering at least acquisition year, asset number /sequential registration number, technical specification/identity, type, condition, quantity, book value and/or acquisition value.

sition value; and

- b. the obligation of goods user to report the scrapping of BMN to goods manager.

#### Article 33

- (1) Based on the approval from goods manager as referred to in Article 32 paragraph (6), goods user scraps BMN from i DBP and/or DBKP by issuing a decision on scrapping.
- (2) The decision on the scrapping of BMN as referred to in paragraph (1) is issued by goods user no later than 2 (two) months since the date of approval from goods user to scrap BMN, .
- (3) Goods user submits a report of scrapping to goods manager no later than 1 (one) month since the decision on the scrapping of BMN is signed by enclosing a decision on the scrapping of BMN.
- (4) Based on the report of scrapping as referred to in paragraph (3), goods manager scraps BMN from DBMN.

#### Article 34

- (1) A change in DBP and/or DBKP as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report of goods user and/or proxy of goods user.
- (2) A change in DBMN as a result of the scrapping of BMN shall be put in a mid-yearly report and yearly report.

### CHAPTER IV

#### OTHER PROVISIONS

#### Article 35

The procedure of scrapping BMN at the representative offices of the Government of the Republic of Indonesia abroad follows provisions on the scrapping of BMN abroad.

### CHAPTER V

#### TRANSITIONAL PROVISIONS

#### Article 36

When this Ministerial Regulation begins to take effect :

- a. if applications for the scrapping of BMN already filed by goods users to goods manager and have not received approval from the goods manager, the further process shall follow provisions in this Ministerial Regulation;
- b. the approval for the scrapping of BMN already issued by goods manager according to Regulation of the

Finance Minister No. 96/PMK.06/2007 on the Procedure of Using, Utilizing, Scrapping, and Transferring of State-Owned Goods shall remain valid.

CHAPTER VI

CONCLUSION

Article 37

When this Ministerial Regulation begins to take effect, provisions on the scrapping of BMN as provided for in Regulation of the Finance Minister No. 96/PMK.06/2007 on the Procedures of Using, Utilizing, Scrapping and Transferring State-Owned Goods is revoked and declared null and void. .

Article 38

This Ministerial Regulation shall come into force 3 (three) months after the date of promulgation.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On March 14, 2014

THE FINANCE MINISTER OF THE REPUBLIC OF INDONESIA,

sgd.

MUHAMAD CHATIB BASRI

Promulgated in Jakarta

On March 17, 2014

THE LAW AND HUMAN RIGHTS MINISTER OF THE REPUBLIC OF INDONESIA,

sgd.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

OF 2014 NO. 341

(S)

# **GUIDELINE FOR IMPLEMENTATION OF THE PROVISION ON TAX CONSULTANCY (Regulation of the Director General of Taxes Number PER-13/PJ/2015, dated March 10, 2015)**

WITH THE BLESSING OF THE ONE AND ONLY GOD

DIRECTOR GENERAL OF TAXES,

**Considering:**

Whereas, in the context of complying with the provisions in Article 21 paragraph (2) and Article 24 paragraph (4) of Regulation of the Peraturan Menteri of Finance Number 111/PMK.03/2014 and to provide legal certainty and improve the role of Tax Consultancy, it is necessary to stipulate Regulation of the Director General of Taxes on Guideline for Implementation of the Provision on Tax Consultancy.;

**In view of:**

1. Law Number 6 Year 1983, concerning General Provision and Procedure of Taxes (Statute Book of the Republic of Indonesia Year 1983 Number 49, Supplement to Statute Book of the Republic of Indonesia Number 3262) as amended several times times and lately amended by Law Number 16 Year 2009 (Statute Book of the Republic of Indonesia Year 2009 Number 62, Supplement to Statute Book of the Republic of Indonesia Number 4999);
2. Government Regulation Number 74 Year 2011, concerning Procedure for Implementing Rights and Complying with Obligatory Taxes (Statute Book of the Republic of Indonesia Year 2011 Number 162, Supplement to Statute Book of the Republic of Indonesia Number 5268);
3. Presidential Regulation Number 24 Year 2010, concerning Capacity, Duty, and Function of State Ministry and Organizational Structure, Duty, and Function of Echelon I of State Ministry;
4. Regulation of the Minister of Finance Number 184/PMK. 01/2010, concerning Organization and Work Procedure of the Ministry of Finance;

5. Regulation of the Minister of Finance Number 111/PMK.03/2014, concerning Tax Consultancy;

DE C I D E D :

To stipulate:

REGULATION OF THE DIRECTOR GENERAL OF TAXES ON GUIDELINE FOR IMPLEMENTATION OF PROVISION ON TAX CONSULTANCY.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation of the Director General by:

1. Tax Consultant shall be any person providing consultancy on taxes to Obligatory Taxpayer in the context of implementing the rights and complying with the obligation on its taxes based on the statutory regulation on taxes.
2. Practice License shall be License to Practice as Tax Consultant stipulated by the Director General of Taxes or official appointed thereof..
3. License to Practice Card shall be personal identity card or identity as Tax Consultant to provide consultancy service on taxes.
4. Tax Consultant Certificate shall be Statement Letter on Expertise Degree as Tax Consultant.
5. Tax Consultant Certification shall be process to obtain Tax Consultant Certificate.
6. Operating Committee of Tax Consultants Certification shall be committee duly established by the Minister of Finance to process Tax Consultant Certification for a term of three (3) years and may be extended.
7. Tax Consultants Association shall be national professional organization of Tax Consultants.

8. Statement Letter on Registration of Tax Consultants Association shall be statement letter issued by the Director General of Taxes to Tax Consultants Association that has been registered at the Directorate General of Taxes.
9. Continued Professional Development hereinafter referred to as PPL, shall be effort and activity that must be endeavored by any Tax Consultant to maintain and develop his/her competence.
10. PPL Credit Unit, hereinafter referred to as SKPPL, shall be assessment point stipulated for each type of Structured PPL and Non-structured PPL.
11. Calendar year shall be year based on calendar taking effect as of January 1 up to December 31.
12. Application of Tax Consultancy administration shall be application supporting management process of Tax Consultant administration that may be accessed through the intranet or internet network of the Directorate General of Taxes.
13. Personal Identification Number (PIN) shall be Identification Number of Tax Consultant that holds Licence to Practice that may be used to access the application of Tax Consultant's administration.

## CHAPTER II

### TAX CONSULTANT'S LICENSE TO PRACTICE

#### Article 2

- (1) To be able to practice as Tax Consultant, any Tax Consultant, a Tax Consultant shall be obliged to hold Licence to Practice issued by the Director General of Taxes or the Official appointed.
- (2) To obtain Licence to Practice as referred to in paragraph (1), a Tax Consultant shall be obliged to submit written application to the Director General of Taxes.
- (3) The application referred to in paragraph (2) must be submitted after filling-in the Form and print the Application Letter for License to Practice by Tax Consultant at application for Tax Consultant administration, and submit the Application Letter for License to Practice by Tax Consultant to the Director General of Taxes



supported by the documents referred to below:

- a. curriculum vitae, work experience and education;
- b. photocopy of Tax Consultant's Certificate that has been legalized by the Operating Committee for Certification of Tax Consultant;
- c. Statement Letter of Police Record (SKCK) from the Police Quarter of the State of the Republic of Indonesia (POLRI);
- d. three (3) latest colored photographs with white background of 2x3 cm;
- e. photocopy of Resident Identity Card (KTP);
- f. photocopy Obligatory Taxpayer Identification Card Number (NPWP);
- g. Statement Letter stating not being bound by a job or terms of office with the Government / State and/ or State-owned / Regional-owned Business Entity;
- h. photocopy Decision Letter as member of Tax Consultants Association that has been legalized by the General Chairman of Tax Consultants Association; and
- i. Statement Letter stating commitment to implement the statutory regulation on Taxes properly and appropriately.

(4) In the event that a Tax Consultant is a person that has ever dedicated him/herself as an employee at the Directorate General of Taxes or as pensioned employee of the Directorate General of Taxes, the application referred to in paragraph (2) must be submitted after having filling-in the Form and print the Application Letter for License to Practice as Tax Consultant at the application of Tax Consultant's administration and submit Application Letter for License to Practice as Tax Consultant to the Director General of Taxes supported by documents as follows:

- a. curriculum vitae, work experience and educational background;
- b. photocopy of Certificate of Tax Consultant that has been legalized by the Operating Committee for Certification of Tax Consultant;
- c. Statement Letter of Police Record (SKCK) from the Police Quarter of the Police of the State of the Republic of Indonesia (POLRI);
- d. three (3) 2x3 cm colored photographs with white color background;
- e. photocopy of Resident Identity Card (KTP);
- f. photocopy of Obligatory Taxpayer Identification Card Number (NPWP);
- g. Statement Letter stating not being bound in a job or terms of office with the Government / State and/

or State-owned or Regional-owned Business Entity;

- h. photocopy of Decision Letter as member of Tax Consultants Association that has been legalized by the General Chairman of tax Consultants Association;
- i. photocopy of Decision Letter of dismissal with honor as Civil Servant Employee on own request or by Decision Letter on Pension; and
- j. Statement Letter stating commitment to implement properly and appropriately the statutory regulation on Taxes.

### Article 3

- (1) The Licence to Practice as referred to in Article 2 paragrapht (1) will be granted effective as of the Licence to Practice of A degree, except for pensioner of the Directorate General of Taxes, Licence to Practice will be granted based on the result of standardization of degree of certificate of pensioner of the Directorate General of Taxes by the Operating Committee for Certification of Tax Consultant.
- (2) The Licence to Practice as referred to in paragraph (1) may be upgraded to higher degree stratigraphically.
- (3) To obtain upgraded Licence to Practice as referred to in paragraph (2) the requirements below must be complied with:
  - a. has been practising as Tax Consultant for at least 12 (twelve) months as of the date of issue of the last Decision on Licence to Practice; and
  - b. holds Certificate of Tax Consultant with higher degree of expertist and Certificate of Tax Consultant utilized to obtain the latest Licence to Practice.
- (4) The Tax Consultant wishing to upgrade the Licence to Practice and has complied with the requirements referred to in paragraph (3) shall be obliged to submit application to the Director General of Taxes.
- (5) The application referred to in paragraph (4) must be submitted by filling-in the Form and print the Application for Upgrading the License for Tax Consultant Practice in the application of Tax Consultant's administration, and submit the Application Letter for Upgrading the Tax Consultant's License to Pactice to the Director General of Taxes supported by the documents below:

- a. photocopy of the latest Tax Consultant's Certificate that has been legalized by the Operating Committee for Certification of Tax Consultant;
- b. copy of Decision of the Director General of Taxes concerning the latest Licence to Practice;
- c. the latest Licence to Practice Card;
- d. Statement Letter on Police Record (SKCK) from the Police Quarter of the State of the Republic of Indonesia (POLRI);
- e. three (3) 2x3 cm colored photographs with the background with white color; and
- f. photocopy Decision Letter of membership of Tax Consultants Association that has been legalized by General Chairman of Tax Consultants Association.

#### Article 4

- (1) The application to obtain Licence to Practice as referred to in Article 2 paragraph (2) and application for upgrading the Licence to Practice as referred to in Article 3 paragraph (4) must be submitted within at least two (2) years as of the date of issue of the Certificate Tax Consultant.
- (2) The application referred to in Article 2 paragraph (2) and Article 3 paragraph (4), Director General of Taxes or official appointed shall be obliged to issue Decision within a period of maximum 30 (thirty) working days as of receipt of the complete application..
- (3) Within the period referred to in paragraph (2), the Director General of Taxes or Official appointed may ask to make amendment and/or addition to the information in order to complete the application.
- (4) If the amendment and/or addition to the information referred to in paragraph (3) has been submitted to the Director General of Taxes, the period for issuing decision will take effect as of the date such amendment and/or addition to the information is received completely.
- (5) If the application referred to in Article 2 paragraph (2) is approved, the Director General of Taxes or the Of-

Official appointed shall issue decision on Licence to Practice .

- (6) If the application referred to in Article 3 paragraph (4) is approved, the Director General of Taxes or the Official appointed shall issue decision on Licence to Practice . (same as above ?)
- (7) If decision on upgrading the new Licence to Practice is issued, the previous Licence to Practice shall be declared null and void.
- (8) Format of decision on upgraded Licence to Practice as referred to in paragraph (6) will be made using the Format as shown in the Example as specified in Attachment I constituting inseparable part of this Regulation of the Director General.
- (9) If the application referred to in Article 2 paragraph (2) and Article 3 paragraph (4) is disapproved, written notification supported by valid reason for rejection must be delivered to the Applicant..
- (10) If up to expiry of the period referred to in paragraph (2), no decision is made by the Director General of Taxes, the application is deemed approved..
- (11) Licence to Practice will be issued according to the degree of Certification of Tax Consultant as attached to the application letter for Licence to Practice .
- (12) The Licence to Practice is valid throughout the territory of the Republic of Indonesia.
- (13) The Licence to Practice may be used by the person whose name is written on the Decision on Licence to Practice and is prohibited from assigning to or passing down to, including franchising or the kind.

#### Article 5

- (1) The Director General of Taxes or Official appointed shall issue Licence to Practice Card and at the same time issue a PIN to the Tax Consultant that has obtained Licence to Practice.
- (2) The Licence to Practice Card referred to in paragraph (1) is valid for two (2) years effective as of the date

of issue of the Licence to Practice .

- (3) Prior to expiry of the period of the Licence to Practice Card referred to in paragraph (2), the Tax Consultant shall be obliged to submit application to the Director General of Taxes to obtain extension to the validity of the Licence to Practice Card .
- (4) The application referred to in paragraph (3) must be submitted by filling-in the Form and print the Application Letter for Extension of Validty of the Licence to Practice Card on the application of Tax Consultant's administration, and submit Application Letter for Extension of Validity of the Licence to Practice Card to the Director General of Taxes supported by documents as referred to below:
- a. Licence to Practice Card; and
  - b. two (2) 2x3 c colored photographs with white color background.
- (5) If the Tax Consultant encounters any change to personal data covering his/her name and/or address, the Tax Consultant shall be obliged to submit application to the Director General of Taxes to obtgain a new Licence to Practice Card.

(6) The application  
to be continued

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