

## Indonesia Quarterly Regulatory Updates

We provide herein the executive summary of 19 newly enacted regulations in Indonesia issued between February and April 2022.

General Corporate Sector		
No	Regulation	Summary
1.	<p>Business Competition Supervisory Commission (<i>Komisi Pengawas Persaingan Usaha</i> or “<b>KPPU</b>”) No. 1 of 2022 on Business Competition Compliance Program (“<b>KPPU Reg. 1/2022</b>”)</p> <p><b>Enforcement Date:</b> 24 March 2022</p>	<ul style="list-style-type: none"> <li>▪ To increase compliance with the competition law, and to prevent monopoly and unhealthy business practices, KPPU has implemented a guideline on business competition compliance program (“<b>Compliance Program</b>”), in effect since 2016. KPPU Reg. 1/2022 is issued to accommodate the program implementation. Business actors that: <ul style="list-style-type: none"> <li>i. have joined the Compliance Program but have not been registered at KPPU; and</li> <li>ii. have not joined the Compliance Program can register their relevant businesses to the Head of KPPU.</li> </ul> </li> <li>▪ Compliance Program contains: 1) Code of Ethics; 2) Compliance guide; 3) socialization, training, or other activities regarding the program implementation.</li> </ul>





		<p>Business actors must report the implementation of their program to KPPU to be evaluated at KPPU hearings.</p> <ul style="list-style-type: none"> <li>▪ If approved, KPPU will issue the Compliance Program Stipulation, which is valid for five years and can be extended.</li> <li>▪ KPPU may relax the sanctions or fines against business actors who have registered their Compliance Program.</li> </ul>
<b>Manpower Sector</b>		
2.	<p>Minister of Manpower (“<b>MoM</b>”) Circular Letter No. M/2/HK.04/IV/2022 on Revocation of MoM Circular Letter No. M/3/HK.04/III/2020 on Protection of Workers/Laborers and Business Continuity to Prevent and Mitigate the Spread of COVID-19 (“<b>MoM Circular Letter No. 2/2022</b>”)</p> <p><b>Enforcement date:</b> 6 April 2022</p>	<ul style="list-style-type: none"> <li>▪ MoM Letter No. 2/2022 revokes MoM Circular No. M/3/HK.04/III/2020 on measures to protect workers and current businesses in the middle of Covid-19 situation, which are: 1) efforts to prevent the spread of Covid-19 cases in a workplace environment; 2) wage protection for workers during the pandemic (workers who are ODP or Person Under Observation, or those who are confirmed to have Covid-19 still maintain their rights to take leaves, receive their wages, and have their pays adjusted according to prior agreements between the Company/Employer and the workers).</li> </ul>





		<ul style="list-style-type: none"><li>As the pandemic has been under control through, among other measures, vaccination programs, easing of business restrictions, relaxation of business actors' obligations, as well as easing of health protocols leading to the economic recovery, measures to protect workers and businesses are no longer applicable and are terminated.</li></ul>
3.	<p>MoM Circular Letter No. M/3/HK.04/IV/2022 on Implementation of Joint Leave by Companies ("<b>MoM Circular Letter No. 3/2022</b>")</p> <p><b>Enforcement date:</b> 14 April 2022</p>	<ul style="list-style-type: none"><li>In MoM Circular Letter No. 3/2022, MoM elaborates the implementation of joint leave in a Company.</li><li>Joint leave is a part of workers' annual leave. Its implementation shall be based on the agreement between the Company and the workers and/or worker unions, company regulation, employment agreement, collective labour agreement, as well as other conditions in line with the company's operational needs.</li><li>The period of annual leave will be reduced when the workers take their leaves during the joint leave period. On the contrary, workers who work during the joint leave period will not have their leave period reduced,</li></ul>





		and they must receive their pays as they work on normal working days.
4.	<p>Letter of the Director-General of Development of Industrial Relations and Social Security of Workers No. 4/303/HI.00.03/III/2022 on Notification Documents and Termination of Employment Relationship Report (“<b>Letter No. 4/2022</b>”)</p> <p><b>Enforcement date:</b> 11 March 2022</p>	<ul style="list-style-type: none"><li>▪ Letter No. 4/2022 provides a standard of reporting mechanism regarding termination of employment in terms of the documents, employee’s response letter, application form to be submitted to the Manpower Office, and receipt issued by the Manpower Office.</li><li>▪ If the employment termination is unavoidable, the employer must notify the relevant workers and/or workers union with the reasons of termination, at least, 14 days before the termination. If the workers accept the termination, the employer must report it to MoM or the relevant provincial/local Manpower Office to obtain the official receipt.</li></ul>
5.	<p>Letter of the Social Security Agency for Employment No. B/1409/032022 on Limits of Maximum Wages and Pension Benefits for the Year 2022 (“<b>Social Security Agency Letter No. 1049/2022</b>”)</p> <p><b>Enforcement date:</b> 1 March 2022</p>	<ul style="list-style-type: none"><li>▪ According to the Central Bureau of Statistics (“<i>Badan Pusat Statistik</i> or <b>BPS</b>”), the inflation rate in 2021 is 1.87% and the growth of Indonesian Gross Domestic Product (“<b>GDP</b>”) in 2021 has increased by 3.69%. As a result, Manpower BPJS has adjusted the amount of: 1) minimum pension benefit to IDR 363,000/month; 2) maximum pension benefit to IDR 4,357,900/month;</li></ul>





		<p>and 3) highest wage limit as the basis for insurance payment calculation to IDR 9,077,600/month.</p> <ul style="list-style-type: none"> <li>▪ The updated adjustments have come into effect since March 2022 payment period.</li> </ul>
<b>Banking and Financial Services Sector</b>		
6.	<p>The Financial Services Authority (<i>Otoritas Jasa Keuangan</i> or “<b>OJK</b>”) Regulation No. 2/POJK.03/2022 on Asset Quality Assessments for Sharia Commercial Banks and Sharia Business Units (“<b>OJK Regulation No. 2/2022</b>”)</p> <p><b>Enforcement Date:</b> 7 February 2022</p>	<ul style="list-style-type: none"> <li>▪ OJK Regulation No. 2/2022 revokes the previous regulation on Asset Quality Assessments for Sharia Commercial Banks and Sharia Business Units. In addition to the replacement, several measures stipulated under the previous regulations such as harmonization with conventional bank regulations, adjustment to the latest conditions including the minimum capital requirement and reporting obligation for conventional banks, and management of credit risks to maximise Sharia Commercial Banks (<i>Bank Umum Syariah</i> or “<b>BUS</b>”) and Sharia Business Units (<i>Unit Bisnis Syariah</i> or “<b>UUS</b>”) are also introduced.</li> <li>▪ BUS and UUS must manage and conduct quality assessments on their earning and/or non-earning assets, according to Sharia and precautionary principles.</li> </ul>





		<ul style="list-style-type: none"><li>▪ The earning assets under this regulation are: 1) placement with Bank Indonesia; 2) placement with other banks; 3) Spot and Forward bills; 4) Sharia securities; 5) acceptance bills; 6) financing; 7) equity participation; 8) temporary equity participation; 9) administrative account transactions; and 10) other forms of financing, which can be equated with earning assets.</li></ul>
7.	<p>OJK Regulation No. 5/POJK.03/2022 on Credit Management Information Agencies (“<b>OJK Regulation No. 5/2022</b>”)</p> <p><b>Enforcement Date:</b> 28 March 2022</p>	<ul style="list-style-type: none"><li>▪ OJK Regulation No. 5/2022 is issued to encourage credit lending and financial inclusion through the development of credit information. It provides a comprehensive regulation compared to the previous OJK Regulation No. 42/POJK.03/2019 on the same matter. It includes Credit Management Information Agencies (<i>Lembaga Pengelola Informasi Perkreditan</i> or “<b>LPIP</b>”) as a rating agency that gathers and manages credits or financing and other data to create credit information to improve LPIP’s minimum paid-up capital, management, compliance, required licences, expansion of products and services, as well as data access restriction.</li></ul>





8.	<p>Bank Indonesia Regulation No. 24/3/PBI/2022 on Amendment to Bank Indonesia Regulation No. 23/13/PBI/2021 on Macroprudential Inclusive Financing Ratio for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units (“<b>BI Regulation No. 24/2022</b>”)</p> <p><b>Enforcement Date:</b> 24 February 2022</p>	<ul style="list-style-type: none"> <li>▪ BI Regulation No. 24/2022 stipulates the obligation of Conventional Commercial Banks (<i>Bank Umum Konvensional</i> or “<b>BUK</b>”), BUS, and UUS to fulfil macroprudential inclusive-financing ratio (<i>Rasio Pembiayaan Inklusif Makroprudensial</i> or “<b>RPIM</b>”) every end of December. In addition, BUK, BUS, and UUS must set their RPIM targets in the Bank Business Plan (<i>Rencana Bisnis Bank</i> or “<b>RBB</b>”).</li> <li>▪ The following parties are exempted from the obligation: 1) BUK, BUS and UUS, which are subject to limitations imposed by OJK; 2) BUK or BUS that are under intensive supervision or special provision status; 3) Intermediary banks; and 4) banks in certain conditions based on OJK recommendation.</li> <li>▪ BUK, BUS, and UUS that fail to fulfil this obligation will be given administrative sanctions by Bank Indonesia.</li> </ul>
<b>Taxation Sector</b>		
9.	<p>Government Regulation No. 15 of 2022 on Treatment of Taxes and/or Non-tax State Revenue in the Coal Mining Business Sector (“<b>GR No. 15/2022</b>”)</p>	<ul style="list-style-type: none"> <li>▪ GR No. 15/2022 is issued to increase state revenue especially in the coal mining business sector to bring maximum benefits to the state, business actors, and the public as well.</li> </ul>





	<p><b>Enforcement Date:</b> 18 April 2022</p>	<ul style="list-style-type: none"> <li>▪ This regulation sets out the main provisions on the payment procedures of certain taxes including the income tax, and the Non-Tax State Revenue (<i>Penerimaan Negara Bukan Pajak</i> or “<b>PNBP</b>”) for holders of: 1) the Mining Business License (<i>Izin Usaha Pertambangan</i> or “<b>IUP</b>”); 2) the Special Mining Business License (<i>Izin Usaha Pertambangan Khusus</i> or “<b>IUPK</b>”); 3) IUPK as a continuity of an operation agreement; 4) Agreement between the Indonesian government and Indonesian legal entities over Coal Contracts of Work (<i>Perjanjian Karya Pengusahaan Pertambangan Batubara</i> or “<b>CCoW</b>”); and 5) other forms of licenses.</li> <li>▪ GR No. 15/2022 also regulates PNBP tariffs for progressive coal productions under IUPK license as the continuation agreement.</li> </ul>
10.	Minister of Finance (“ <b>MoF</b> ”) Regulation No. 26/PMK.010/2022 of 2022 on Stipulation of Goods Classification System and Import-Duty Tariffs on Imported Goods (“ <b>MoF Regulation No. 26/2022</b> ”)	<ul style="list-style-type: none"> <li>• As an amendment of Harmonized System (HS) 2022 and ASEAN Harmonized Tariff Nomenclature (AHTN) 2022, MoF Regulation No. 26/2022 provides the updated goods classification system, which includes: 1) General provisions on the interpretation of the</li> </ul>







	<p><b>Enforcement Date:</b> 1 April 2022</p>	<p>harmonized system (KUMHS) as listed in Appendix I; 2) Section notes, chapter notes, and subheading notes as listed in Appendix II; and 3) Structure of goods classification as listed in Appendix III.</p>
11.	<p>MoF Regulation No. 39/PMK.010/2022 of 2022 on Stipulation for Export Goods That Are Subject to Export Duty and Export-Duty Tariffs (“<b>MoF Regulation No. 39/2022</b>”)</p> <p><b>Enforcement Date:</b> 1 April 2022</p>	<ul style="list-style-type: none"> <li>▪ In MoF Regulation No. 39/2022, the export duty tariff is imposed on the following export goods: 1) Leather and wood; 2) Cocoa seeds; 3) Palm oil, Crude Palm Oil (CPO), and other derivative products; 4) Metal mineral processed products; and 5) Metal mineral products in certain criteria.</li> <li>▪ Percentage of the export-duty tariff of each product is as follows: 1) Wood (2%-15%); 2) Leather (15%-25%); 3) Cocoa seeds (5%-15%); 4) Palm oil, CPO, and other derivative products are based on the reference prices in US\$/MT; 5) Metal mineral processed products (0%-5% depending on the physical progress of the products).</li> <li>▪ In addition, CPO and their derivative products are also subject to export-duty tariffs.</li> </ul>
12.	<p>MoF Regulation No. 41/PMK.010/2022 on Second Amendment to MoF Regulation No. 34/PMK.010/2017</p>	<ul style="list-style-type: none"> <li>▪ MoF Regulation No. 41/2022 provides several adjustments of the previous regulations of 2017 and</li> </ul>





	<p>on Payment of Article 22 Income Tax for Handover Goods and Other Activities in the Import and Other Sectors (“<b>MoF Regulation No. 41/2022</b>”)</p> <p><b>Enforcement Date:</b> 1 April 2022</p>	<p>2018, on the list of the imported goods that are subject to Article 22 of income tax law.</p> <ul style="list-style-type: none"> <li>▪ These are the three categories of goods, which are subject to the tax collection under Article 22 income tax law: 1) goods with 10% tax cut include perfumes and fragrant liquids, hair products, deodorants, soaps, oral-and-dental health products, smartphones, cars, and so forth; 2) goods with 7.5% tax cut include coffee and tea, sausages, cured meat and fish, candy, chocolate and pasta, and so forth; 3) goods with 0.5% tax cut are soya bean, wheat, and flour.</li> </ul>
<p><b>Energy and Natural Resources Sector</b></p>		
<p>13.</p>	<p>Letter of the Director-General of Mineral and Coal (“<b>DGoMC</b>”) No. B-571/MB.05/DJB.B/2022 on Temporary Suspension of Mining Business Activities (“<b>Letter No. 571/2022</b>”)</p> <p><b>Enforcement date:</b> 7 February 2022</p>	<ul style="list-style-type: none"> <li>▪ Letter No. 571/2022 imposes temporary suspension on holders of IUP, IUPK, and CCoW licenses who have not submitted their reports on the Annual Working Plan and Budget (<i>Rencana Kerja dan Anggaran Belanja</i> or “<b>RKAB</b>”) for the year 2022 to the Minister of Energy and Mineral Resources (“<b>MoEMR</b>”) to obtain the required approval.</li> <li>▪ Business actors listed in the appendix are prohibited from engaging in mining activities related to</li> </ul>





		<p>construction, mining, processing, and/or purification, transportation or sales, including exploration.</p> <ul style="list-style-type: none"><li>▪ The government will give sanctions to the violators in this order; a warning letter will be given first, and then the relevant business actors will be given, at least, 60 days after receiving the warning, to complete the RKAB obligation. If they fail, the government will impose the temporary suspension on the businesses.</li></ul>
14.	<p>Presidential Regulation No. 55 of 2022 on Delegation of the Granting of Business Licenses in the Mineral and Coal Mining Sector (“<b>PR No. 55/2022</b>”)</p> <p><b>Enforcement date:</b> 11 April 2022</p>	<ul style="list-style-type: none"><li>▪ PR No. 55/2022 is issued to carry out provisions as stipulated in Government Regulation No. 96 of 2021 on Implementation of Mineral and Coal Mining Business Activities.</li><li>▪ Under this regulation, the central government delegates their authority to the relevant provincial governments regarding: 1) issuance of Standard Certificates and mining licences; 2) Guidance and supervision on the implementation of the delegated authorities.</li><li>▪ The types of mining licenses authorized to the local governments are: 1) IUP for domestic investment; 2) Rock mining license (<i>Surat Izin Penambangan Batuan</i></li></ul>





		<p>or “<b>SIPB</b>”); 3) Community mining license (<i>Izin Pertambangan Rakyat</i> or “<b>IPR</b>”); 4) Mining service business licenses (<i>Izin Usaha Jasa Pertambangan</i> or “<b>IUJP</b>”).</p> <ul style="list-style-type: none"> <li>▪ In addition, the provincial governments are also authorized to allow other activities to support the mineral and coal business, but they must report these activities including the authorities delegated to them on issuance of the licenses to MoEMR.</li> </ul>
15.	<p>MoEMR Decree No. 78.K/MB.01/MEM.B/2022 on Guideline on the Implementation of License Evaluations and Acknowledgement on Changes of Shareholders, Directors, and/or Commissioners of Companies Under Mining Business Licenses Issued by Governors, Regents/Mayors Prior to the Promulgation of Law No. 3 of 2020 (“<b>MoEMR Decree No. 78/2022</b>”)</p> <p><b>Enforcement date:</b> 14 April 2022</p>	<ul style="list-style-type: none"> <li>▪ MoEMR Decree No. 78/2022 provides a guideline for registration of any change of shareholders, and members of the Board of Directors (“<b>BOD</b>”) and/or Board of Commissioners (“<b>BOC</b>”) of mining companies having IUPs issued by governors or regent/mayors before the enactment of Law No. 3 of 2020 on Coal and Mineral Mining (“<b>Law 3/2020</b>”).</li> <li>▪ The following primary guideline includes procedure of:             <ol style="list-style-type: none"> <li>1) evaluation on the application for a license upgrade from IUP in exploration stage to IUP in production operation stage;</li> <li>2) evaluation on the application for extension of IUP in production operation stage and its</li> </ol> </li> </ul>





		<p>administrative, technical, environmental, and financial requirements; and 3) acknowledgement on the change of shareholders, directors, and/or commissioners of companies under Contracts of Work (<i>Kontrak Karya</i> or “<b>CoW</b>”), CCoW, IUP, or IUPK</p> <ul style="list-style-type: none"> <li>▪ The application on IUP adjustment must be submitted to MoEMR no later than 11 June 2022. However, any IUP issued before 14 April 2022 will remain valid.</li> </ul>
<b>Trade Sector</b>		
16.	<p>MoF Decree No. 5/KM.4/2022 of 2022 on List of Goods Restricted for Export Based on MoT Regulation No. 8 of 2022 on Second Amendment to MoT Regulation No. 19 of 2021 on Export Policies and Arrangements (“<b>MoF Decree No. 5/2022</b>”)</p> <p><b>Enforcement date:</b> 15 February 2022</p>	<ul style="list-style-type: none"> <li>▪ MoF Decree No. 5/2022 has listed goods, which are restricted for exports as the continuation of the previous regulation.</li> <li>▪ The goods listed in the Appendix are: 1) Seeds; 2) Glutinous rice; 3) Swifts nests; 4) Pine-tree products; 5) Bars of raw tin; and so forth</li> </ul>
17.	<p>MoT Regulation No. 12 of 2022 on the Third Amendment of MoT Regulation No. 19 of 2021 on Export Policies and Arrangements (“<b>MoT Regulation No. 12/2022</b>”)</p>	<ul style="list-style-type: none"> <li>▪ MoT Regulation No. 12/2022 mainly stipulates exports of CPO and its derivative products, and removes several provisions, especially those on Biodiesel, also CPO and its derivative products.</li> </ul>





	<p><b>Enforcement date:</b> 20 March 2022</p>	<ul style="list-style-type: none"><li>▪ Since the enactment of this regulation: 1) every business license for export approvals of CPO and its derivative products based on MoT Regulation No. 19/2021 will be declared revoked and invalid; 2) Biodiesel export approvals are automatically reactivated through the INATRADE system and will be forwarded via the Indonesian National Single Window System (“<b>SINSW</b>”); 3) Export licenses submitted before the enactment of this regulation will not be processed further; and 4) Export licenses submitted before the enactment of this regulation and already in the issuance stage will not be processed further, but their previous licenses will be automatically reactivated.</li></ul>
<b>Miscellaneous</b>		
18.	Regulation of the National Public Procurement Agency No. 1 of 2022 on Guideline for the Procurement of International Goods/Services (“ <b>NPPA Regulation No. 1/2022</b> ”)	<ul style="list-style-type: none"><li>▪ International procurement funding can be sourced from the State/Regional Expenditure Budget (“<b>APBN/APBD</b>”) or foreign loans/grants. The funding scheme is open for domestic and foreign business actors.</li></ul>





	<p><b>Enforcement date:</b> 11 February 2022</p>	<ul style="list-style-type: none"> <li>▪ These are types of international procurement, which can be sourced from APBN/APBD: 1) Construction works worth the minimum IDR 1 trillion; 2) Other goods/services worth the minimum IDR 50 billion; and 3) Consultation services worth the minimum IDR 25 billion. Please note that these procurements can be conducted if no domestic business actors can fulfil the requirements.</li> <li>▪ Providers of these international procurements are selected through: 1) International tenders; 2) International selection; and 3) direct appointments.</li> <li>▪ For international procurements funded by foreign loans/grants, the National Public Procurement Agency (“<b>LKPP</b>”) will act as the main partner of the foreign lenders or grant givers by signing a Memorandum of Understanding (“<b>MoU</b>”).</li> </ul>
19.	<p>Minister of Industry Regulation No. 9 of 2022 on the Granting of Machine and Equipment Assistance Facilities (“<b>Mol Regulation No. 9/2022</b>”)</p>	<ul style="list-style-type: none"> <li>▪ Mol Regulation No. 9/2022 stipulates the granting of machine and equipment aids to Small-and-Medium Scale industries by providing price discounts for the purchase of the machines and/or equipment (“<b>Restructuring</b>”).</li> </ul>





	<p><b>Enforcement date:</b> 29 March 2022</p>	<ul style="list-style-type: none"><li>▪ Small-and-Medium industries joining the restructuring program must fulfil the following criteria: 1) they have obtained the business licenses in accordance with the Standard Classification of Indonesian Business Fields (“<b>KBLI</b>”); and 2) a company in this industrial sector can employ a maximum of 99 employees.</li><li>▪ In addition, these industries must fulfil the following conditions: 1) they have obtained the license to operate as micro, small, or medium businesses in the industrial sector; 2) they have secured the National Standard Certificate for small-and-medium industries with products meeting the Indonesian national standards; 3) they have completed the purchase of the machines and/or equipment, and have installed them in the production sites in accordance with their business licenses, during the application for verification; 3) they have the transaction documents for the machines and/or equipment; 4) they do not participate in similar programs of the Ministry of Industries within the given single fiscal year.</li></ul>
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