



Regulation of Governor of Special Capital City Region of Jakarta No. 65 of 2018 on the Local Tax Identity Number

by Alexander Josua Hutagalung

For the purpose of acceleration of procedures for collecting local taxes in order to support the implementation of Article 5 section (2) of Government Regulation No. 55 of 2016 on the Procedures for Collecting Local Taxes, the Governor has found it necessary to regulate provisions on the Local Tax Identity number. It has thus promulgated Regulation of Governor of Special Capital City Region of Jakarta No. 65 of 2018 on the Identity Number of Local Tax ("**Regulation No. 65/2018**").

The Local Tax Identity Number contains: (i) Local Tax Registration Number ("**NPWPD**"); and (ii) The Local Tax-object Number ("**NOPD**"). NPWPD is intended for the type of tax that is paid on its own based on the taxpayer's own calculation, including the following: (i) Tax on Motorized Vehicle Fuel; (ii) Tax on Hotels; (iii) Tax on Restaurants; (iv) Tax on Entertainment; (v) Tax on Street Lighting; and Parking Tax. NOPD is intended for the following type of taxes: (i) Vehicle Tax; (ii) Vehicle Ownership Transfer; (iii) Tax on Motorized Vehicle Fuel; (iv) Tax on Hotels; (v) Tax on Restaurants; (vi) Tax on Entertainment; (vii) Tax on Street Lighting; (viii) Parking Tax; (ix) Advertisement Tax; (x) Tax on Land; and (xi) Land and Building Tax in Rural and Urban Areas. The scope of Regulation No. 65/2018 consists of: (i) Local Tax Identity Number; (ii) Tax Registration Procedures; (iii) NPWPD and NOPD Issuance Procedures; (iv) NPWPD and NOPD Annulment Procedures; and (v) Amendment of the Local Tax Identity Number.



Taxpayers for NPWPD types and NOPD types which contain the following: (i) Tax on Motorized Vehicle Fuel; (ii) Tax on Hotels; (iii) Tax on Restaurants; (iv) Tax on Entertainment; (v) Tax on Street Lighting; (vi) Parking Tax; (vii) Advertisement Tax; (viii) Tax on Land, which has fulfilled subjective and objective requirements in accordance with the provisions of the taxation legislation region, have to register to the Head of The Agency or the Designated Official in accordance with the legislation provisions using Tax-object registration letter ("**SPOPD**"). Taxpayers for NOPD types which contain the following: (i) Vehicle Tax; (ii) Vehicle Ownership Transfer; have to register using a Resident Ranmor covering letter ("**SPRKB**") which is equivalent to the SPOPD. Taxpayers for NOPD types for land and building tax rural and urban areas have to register using a letter of notification of tax-object ("**SPOP**").

The SPOPD and SPOP which has been filed by the Taxpayer has to be submitted to the Head of UPPRD for the type of NPWPD types and NOPD types which contain the following: (i) Tax on Motorized Vehicle Fuel; (ii) Tax on Hotels; (iii) Tax on Restaurants; (iv) Tax on Entertainment; (v) Tax on Street Lighting; (vi) Parking Tax; (vii) Advertisement Tax; (viii) Tax on Land. The SPRKB which is equivalent to SPOPD which has been filed by the Taxpayer is submitted directly to the Joint Office of the Administration System Single Roof One or through an online System.

Integration of Environmental Documents Into OSS

by Gilbert Hansel



In June 2018, the government of Indonesia integrated all documents pertaining to direct investments in Indonesia into an Online Single Submission (OSS) System. One of the documents integrated into OSS are Environmental documents. To integrate these documents into OSS, the Ministry of Environment and Forestry issued the Ministerial Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 of 2018, regarding Guidance on Management, Assessment, and Examination of Environmental Documents in the Implementation of the Electronically Integrated Licensing Service. Whereas, the old scheme required the investor to submit the AMDAL, RKL-RPL, and SPPLR to obtain the Environmental License, this regulation substitutes the past regime by placing the obtaining of the Environmental License at the beginning. Subsequently, after the issuance date of the Environmental License through OSS, the investor must submit the commitments outlined below.

Here will be reviewed the submission process for each environmental document. For an AMDAL, the company will receive the environmental license upfront, and must fulfil the environmental license commitment that had been issued by OSS, by submitting the AMDAL, which proceeds through the following steps, that is:

1. Announcement of the businesses plan and also public consultation.
2. Filling the Reference Framework Form (Formulir KA);
3. Assessment and approval of the Reference Framework Form;
4. Drafting and Submission of Andal and RKL-RPL; and
5. Assessment of Andal and RKL-RPL and the issuance of environmental feasibility or not.

If the business line requires an AMDAL, the company must prepare a draft of the Andal and RKL-RPL, which must be commenced within 30 (thirty) Working Days from the issuance

date of the Environmental License. The final documentation of the Andal and RKL-RPL must be submitted to KPA within 180 (one hundred and eighty) Working Days from the commencement date of the document's drafting. After receiving the submission, KPA Officers will review the Andal and RKL-RPL documents and declare the completion status of the administrative requirements. After issuing its administrative completion status, KPA will review the substance requirement of the Andal and RKL-RPL documents within the frame of 60 (Sixty) Working Days from the submission date. The output of the substance review by KPA will be delivered in the form of "recommendation of final assessment result and the statement of decree of environmental feasibility or environmental unfeasibility". Pursuant to this recommendation issued by KPA, if the outcome is that the business is deemed to be environmentally unfeasible, the environmental authority body must report the investor status as "failure to fulfil commitment" back to the OSS System.

In terms of the UKL-UPL, the company must submit the UKL-UPL, as fulfilment of the Environmental commitment, following these two steps for submission:

1. Filing and submission of UKL-UPL Form; and
2. UKL-UPL Assessment and approval of UKL-UPL Recommendation

Business lines which require an UKL-UPL shall fulfil the commitment of submitting UKL-UPL documents following the issuance of the Environmental License. The filling and submission period of UKL-UPL must be delivered to the Ministry of Environment and Forestry at the latest 10 (ten) Working Days from the issuance date of the Environmental License by the OSS. The Ministry must review the documents within 5 (five) Working Days from the submission date. After the 5-days' review period, the Ministry must issue the approval recommendation of the UKL-UPL. If the recommendation stipulates the obligation to amend the UKL-UPL, the Investor must re-submit the application in 5 (five) days from the date when the statement to amend is issued. If the final result of the review deems the business activity of the investor to be environmentally feasible, the environment authorized body shall reverse the failure of the commitment fulfilment in the OSS System.

Whereas for a company or any activity that doesn't require an AMDAL or UKL-UPL but must have a SPPL, and must be filed with the environmental department. The department than will issue a receipt for SPPL submission, stating that the SPPL is complete and correct. The receipt will also contain the number and date of registration.

This regulation only applies to businesses or activities under OSS.

Online Single Submission for the Trade Business

by Dennis

On 20 July 2018, Indonesia's Ministry of Trade published a new regulation as The Minister of Trade Regulation No. 77 of 2018 concerning Online Single Submission in The Trading Sector. This as an implementation of Article 88 and Article 89 of The Government Regulation No. 24 of 2018 concerning Online Single Submission, or abbreviated as "OSS". The purpose of this regulation is to provide an explanation of how "OSS" applied to the trade sector in Indonesia, with the goal that the allocation of time and cost to manage the licensing process will be simpler and clearer for businesses in Indonesia.

This regulation sets out that any business licensing authority, along with other document publishing that is related to business licensing, must be processed through the "OSS" board. The process includes registration, publishing of business licenses and commercial or operational licenses based on commitment, fulfilment of commitment for a business license and commercial or operational license, fee payment, facilitation, validity period, and supervision. Nevertheless, individual foreign business and non-individual foreign business are excluded from this regulation.

It must be noted that every business must have a business registration number ("NIB") as an identity, which is granted by the "OSS" board after the the registrations process. In order to obtain the business license and commercial or operational license, all businesses must fulfill the commitment and Service Level Agreement ("SLA") which matches their specific business type, within a specific time period. Businesses shall notice that there may be a fee for any specific type of commitment and "SLA". Since the list commitment and "SLA" are added as an attachment to this regulation, it behoves businesses to pay attention to this aspect of the regulation and establish which commitment matches their business. If a business fails to fulfill the commitment within the time period, it cannot execute its business activity, and should therefore should re-apply for a business license to the "OSS" Board.



The official authorities monitor any commitment's fulfilment, standardization, certification, licensing, and/or registration, and also the business or activity itself. If such supervision shows any mismatch or offence, the authorities will take action, namely a warning, temporary suspension of business activity, administrative fee, or business license revocation. Those actions will be notified via the ministry system that is integrated with the "OSS" board.

Businesses that already hold a business license and/or commercial license before this regulation came into power, and need a new license for their business expansion, must request a new business license for business expansion via the "OSS" system. A valid business license that is already published, will still be valid and can be registered to the "OSS" system. The rest of the process will be the same as explained above.

Employing Foreign Manpower

by Budi Wibowo



On 11 July 2018, the Minister of Manpower of Indonesia issued Regulation of Minister of Manpower No. 11 Year 2018 concerning Guidance to Use Foreign Manpower (**Permenaker No. 11/2018**). Pursuant to Permenaker No. 11/2018, those who may employ foreign manpower vary, among others, from government agencies and foreign trade representativeS, to companies duly established under Indonesian Law.

Before employing foreign manpower, an employer must prioritize Indonesian manpower for every position before considering foreign manpower. Except for prioritizing Indonesian Manpower, an employer must fully understand that there are several positions forbidden to foreign manpower. Those positions are stipulated under the schedule of Decree of Minister of Manpower and Transmigration (has been changed to Minister of Manpower and Transmigration) No. 40 Year 2012, among others the Director of Human Resources Department. Further, an employer has to fulfil its obligation such as having an expatriate placement plan (**RPTKA**) authorized by the Minister of Manpower or other appointed official, pay into a compensation fund in use of foreign manpower, register foreign manpower in an insurance scheme, and appoint a companion

in order to execute the transfer of knowledge and technologies.

Aside from these obligations of the employer, Permenaker No. 11/2018 also stipulates the obligations of foreign workers, such as possessing a minimum of 5 (five) years' competency certificate, executing transfer of knowledge to his/her designated companion, having a temporary staying permit issued by the authoritative body and having a suitable degree for the job. Further, if such worker has been working in Indonesia for more than 6 (six) months, they have to apply for a Tax Identification Number (or so called NPWP).

In the event where an employer fails to obey the obligation under Permenaker No. 11/2018, they shall be subjected to a delay of service, temporary surcease of the process for a foreign manpower permit, revocation of notification (approval from the authorities to use foreign manpower) and/or other penalty in accordance with the applicable law. From those phrases, it can be said that an employer's failure may subject them to further penalties outside Permenaker No. 11/2018.