



## Sales Tax on Land and Buildings: New Regulations

by Woro Nastiti



Image source: <https://m.economicstimes.com/thumb/msid-63294493,width-1200,height-900,resizemode-4,imgsiz-42814/tax4-etonline.jpg>

On 11 December 2019, the Minister for Finance issued new regulations\* (the Regulations) setting out how to determine the sales tax on land and buildings in certain sectors. The Regulations set out calculations that apply to land and buildings in the following sectors:

- agricultural plantations;
- forestry;
- oil and gas mining;
- geothermal energy harnessing;
- mineral mining; and
- other sectors.

The Regulations set out the following three methods of calculating the tax on land and buildings:

- price comparison – calculated by comparing the sales tax of similar and adjacent land/buildings that have the same purpose whose sales tax value is already known; and
- value of new item – based on the new land/building value and reduced by depreciation ;and
- output – based on the value of the output of the buildings/land.

The Regulations set out which valuation method should be used in each sector.

\*Minister of Finance Regulation No. 186/PMK 03/2019



## Business Licences for Industrial Areas: New Procedures

by Pratiwi Widyastuti

In late 2019, the Minister for Industry enacted new regulations relating to business licences for those carrying out business in industrial areas (the **Regulations**)\*.



Image source: <https://encrypted-tbn0.gstatic.com/images?q=tbn%3AANd9GcSczKwX8889hzHsd9G7RDw5qZ84F7u1ZJusxoXORw7BmtHspRZ>

The Regulations require applicants to register with the National Industrial Information System to obtain a SIINAS account. Further, the Regulations limit Industrial Area Business Permits to those companies that have Standard Indonesian Business Field Classifications No. 68130 (Industrial Area Business). The Regulations abolish previous licences and replace them with a list of commitments that must be fulfilled prior to the granting of a licence to carry out business in industrial areas.

The Regulations require companies to have an Industrial Area Business Permit and/or an Industrial Area Expansion Business Permit to carry out business in an industrial area. In order to obtain these, the Regulations require, among other things, the applicant company to have a rigorous organisation structure and business plan.

The permits are valid for as long as the company runs its business. The permit holder may assign the management of the industrial area to another party but remains responsibility for all obligations set out in the Regulations. The Regulations set out administrative sanctions for breach of its provisions.

\*The Minister for Industry of the Republic of Indonesia Regulations No. 45 of 2019 on the Procedures for Granting Industrial Area Business Permit and Industrial Area Expansion Business Permit under the Framework of Integrated Electronic Business Licensing Services.

## Government Strategy to Eliminate Fraud in Indonesia

by Shaskia Putri Ramadhani

The Indonesian Government has become increasingly concerned about the rise of fraud in Indonesia. To combat this, the Financial Services Authority has recently strengthened anti-fraud regulations with the aim to eliminate fraud, particularly in the banking sector (**Regulation No. 39**).<sup>\*</sup> Overall, Regulation No. 39 stipulated provisions related with the obligation of banks to implement anti-fraud strategies, obligation to submit reports regularly and sanctions for breaching Regulation No. 39.



Image source: [https://encrypted-tbn0.gstatic.com/images?q=tbn%3AAND9GcRt5BtZ4KF6AvBt0LcHdvVPEk-FhOMZx7pwYeGf\\_hgunLHU](https://encrypted-tbn0.gstatic.com/images?q=tbn%3AAND9GcRt5BtZ4KF6AvBt0LcHdvVPEk-FhOMZx7pwYeGf_hgunLHU)

Regulation No. 39 requires banks to implement a number of fraud prevention and detection methods. These include the requirement for all banks to develop and implement a broad ranging anti-fraud strategy, which includes prevention, detection investigation, submission of report, sanctions, monitoring, evaluation and follow-up actions if there is a fraud arise.

Further, Regulation No. 39 requires banks to implement risk management strategies to control the risk of fraud. The risk management strategies includes supervision of the board of directors and board of commissioners, drafting policies and procedures, organizational structure and accountability as well as control and monitoring banking activities. Regulation No. 39 requires banks to establish a separate department to deal with anti-fraud strategy. This department must be headed by an experienced banker who is also an expert in fraud prevention and detection methods.

Regulation No. 39 also requires banks to submit regular reports to the Financial Services Authority, including:

- an overview of the bank's anti-fraud strategy;
- a regular report every six months regarding the bank implementation of its anti-fraud strategy; and
- a fraud report, no more than three days after a bank suspects fraud has taken place.

Regulation No. 39 imposes administrative sanctions for breach of its provisions not only on a bank but on individuals such as members of the board of directors and the board of commissioners. Fines of up to 30 billion Rupiah may be imposed on banks.

<sup>\*</sup> Regulation of the Financial Services Authority No. 39/POJK.03/2019 concerning Implementation of Anti-Fraud Strategies for Commercial Banks. Regulation No. 39 came into effect on 1 January 2020 by revoking the Circular Letter of Bank Indonesia No. 13/28/DPNP issued on 9 December 2011 concerning Implementation of Anti-Fraud Strategies for Commercial Banks.

## Competencies Standardisation of Payment Systems and Rupiah Management

by A. A. A. Reditha Saras



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The rapid development of information technology has triggered innovation in payment systems and the management of the Rupiah. Bank Indonesia intends to balance this technological innovation with human expertise to create secure and efficient payment systems and Rupiah management fit for purpose. To that end, Bank Indonesia has issued new regulations<sup>\*</sup> (**Regulation 21**).

Regulation 21 applies to users of payment systems and Rupiah management (**Users**), which includes banks and other institutions that provide payment and Rupiah management services. To ensure that there is adequate expertise, Regulation 21 introduces a new certification system, which includes testing expertise based on national standards. Certification is issued by the Work Training Institute of Users and has been approved by Bank Indonesia.

Once employees obtain the relevant certification, they must maintain that level through a maintenance training. All Users must submit reports to Bank Indonesia outlining their certification activities.

The certification system imposed by Regulation 21 will be implemented in phases.

Regulation 21 imposes administrative sanctions, including loss of licence, for breach of its provisions.

<sup>\*</sup>Bank Indonesia Regulation No. 21/16/PBI/2019 concerning Competencies Standardisation Of Payment System And Rupiah Management