

BLP NEWSLETTER

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On the joyous occasion of Eid Adha, we extend our heartfelt wishes for a blessed and prosperous celebration to all our readers. In this month's newsletter, we bring you Indonesia's latest regulatory developments. There have been developments in competition law, corporate tax, as well as mining. Additionally, the government has sought to enhance social justice by introducing obligations on financial institutions to support financial literacy and access to financial services. You can find the details of these legislative developments in our newsletter and, as always, we would be happy to discuss whether any of these developments affect you or your business.

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Mining Areas: New Regulations

by Jayalaksana Purnama

The government has recently issued new Regulations regulating mining areas (the **Regulations**).^{*} The Regulations set out a regulatory framework as well as clear obligations for those wishing to apply for licences to mine in particular areas. Further, the Regulations provide for procedures whereby existing licencees can apply for a further licence to mine commodities that they have discovered while mining for the commodity covered by their licence.

In addition, the Regulations emphasizes that the Minister determine the size and boundaries of WIUP for certain non-metallic mineral commodities (*komoditas mineral bukan logam jenis tertentu*) based on proposals submitted by businesses, cooperatives, or individual companies.



^{*}Regulation No. 25 of 2023 on Mining Areas. This Regulation replaces and revokes the previous regulation.

Natural Gas: New Regulations

by Annisa Ayu A

The Minister for Energy and Mineral Resources has introduced new regulations to facilitate industries' efficient use of natural gas. The Regulations^{*} remove the maximum gas price cap, specify the price range for natural gas, detail the manner in which prices should be calculated, and specify the price range at which users can buy from the plant gate.

The Regulations impose several additional responsibilities for natural gas users, including:

- i) permitting the commercialisation of surplus volume;
- ii) the obligation to provide data for evaluation; and
- iii) the obligation to implement energy conservation procedures.

^{*}Decree of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 91.K/MG.01/MEM/2023 regarding Certain Natural Gas Users and Certain Natural Gas Prices in the Industrial Sector

Financial Literacy: New Regulations for Financial Institutions

by Kumalasari Retnopati

The Indonesian Financial Services Authority (the "OJK") has recently introduced Regulation 3/2023* (the "Regulation"), which came into force on 28 February 2023. The Regulation seeks to address the growing need for enhanced financial literacy and promote equitable access to financial services.

Recognising the importance of financial literacy in decision-making, the Regulation mandates that financial institutions must proactively educate consumers. Banks, insurance companies, and other financial service providers are now required to develop comprehensive financial literacy programs that equip individuals with essential skills and knowledge to navigate the complex world of finance.

To facilitate this, the OJK encourages financial institutions to use technology to make financial services more accessible, convenient, and user-friendly.

The Regulation is another step toward a financially literate society in Indonesia; fostering informed investment decisions, better risk management, and, as a result, improved economic stability.

*Regulation 3/2023 concerning Increasing Financial Literacy and Inclusion in the Financial Services Sector for Consumers and the Community

Mandatory Notification for Businesses: New Requirements

by Luisa Srihandayani



The Business Competition Supervisory Commission has recently introduced* new notification requirements for businesses. In addition to the current regime, the new regulations require that businesses must notify the Commission if, among other things, the business undergoes a change of control.

With the new regulations comes some revisions to the way businesses must calculate the value of assets and sales for the purposes of notification. The regulations also introduce an online notification system via the Commission's official website - notifikasi.kppu.go.id - to streamline the notification process.

These new provisions to the mandatory notification procedures should help to strengthen Indonesia's regime against unhealthy and unfair competition.

* Regulation of the Business Competition Supervisory Commission of the Republic of Indonesia Number 3 Year 2023 on the Assessment of Mergers, Consolidations or Acquisitions of Shares and/or Assets Which May Result in Monopolistic Practices and/or Unfair Business Competition.

Income Tax Rates: New Regulations for Public Companies

by Valya Hermayrani

The Minister of Finance has issued new regulations* to create a framework allowing public companies, that are domestic corporate tax payers, to submit a request for the reduction of income tax rates.

The new framework sets out detailed criteria for qualification of income tax reduction and the manner in which such reduction may be applied for.



Image source: <https://www.pexels.com/photo/gold-coins-on-green-surface-686119/>

* Regulation No. 40 of 2023 on Forms and Procedures for the Submission of Reports and Lists of Taxpayer Within the Context of the Fulfilment of Requests for Reductions in Income-Tax Rates for Domestic Corporate Taxpayers That Take the Form of Public Companies.

VAT on Transferred Collateral

by Faudzan Eka Putra

The Minister of Finance has introduced new Regulations* that impose VAT of 10% on the transfer of collateral by a creditor to the purchaser of the collateral.

The Regulations provide that "a creditor" can include any financial institution providing credit, including Sharia-based financing.

The creditor must issue a tax invoice and collect the VAT on receipt of payment from the purchaser. Any VAT collected must be remitted to the government by the end of the month following the month in which the VAT was collected.

* Minister of Finance Regulation Number 41 of 2023 concerning Value Added Tax on the Delivery of Collateral Taken Over by the Creditors to the Collateral Buyers.

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