

RECENT DEVELOPMENTS

Investment board launches online investment licensing service

Jakarta (ANTARA News) - The Investment Coordinating Board (BKPM) launched an online investment licensing service to ease investment in the country and in preparation of the implementation of a national integrated one-stop service (PTSP). "It is aimed at streamlining the process of issuing investment licenses to help investors. From now on, they need not come to our office, but they may just register from their offices," noted BKPM Head Franky Sibarani. He explained that the online investment licensing service is part of the governments efforts to improve the investment atmosphere in Indonesia.

He said the service is provided in Indonesian and English language to ensure quality service to the applicants. The service encompasses 11 permits, such as investment permit principles (for companies that have and do not have legal entities), permit principles for extensions, permits in principle for mergers and changes and also non-permit licenses. The BKPMs service will also help investors in obtaining an online business permit, extension permit, merger permit, changes permit, and representative office establishment permit. The institution also offers permit facilities based on the finance minister's decrees on the revocation of import duty for machinery and the revocation of import duty for goods and materials.

Franky affirmed that he will continue to maintain consistency in the services offered based on standard operating procedures (SOP). "In November, 60 percent of the permits had been processed quicker than the SOP, 24 percent according to the SOP and the rest still below the SOP, generally due to document verification," he revealed. "A contact center will also be opened to service investors abroad," he remarked.

The contact center is expected to become operational in January to help investors obtain information. Franky said the integration of licensing with the concerned ministries and institutions will be implemented in two stages as of January 2015, while the integration with the provinces and districts is expected to come into effect in 2016. Following the launch of BKPMs online service starting Monday, it will no longer accept registrations in person. The institution, however, remains open to provide consultation service at its central office as well as through its investor relations unit and via email. "We will re-design the office as we plan to currently reduce 20 counters at the front desk to only six for consultation in person," stated BKPM Deputy Head for Service Lestari Indah.



New Divestment Provision for the mining sector

by Made Yossy Pratiwi

As we are already aware, previously, the holder of a Mining Business License (IUP/IUPK) in the framework of foreign direct divestment is required to divest its foreign shares in the amount of 51 percent to Indonesian participants. This obligation is stipulated in Government Regulation No.23 of 2010, regarding Implementation of Mineral and Coal Mining Business Activities as most recently amended by Government Regulation No.1 of 2014. However, in order to facilitate the ongoing Contract of Work (CoW) renegotiation between the Government of Indonesia and the holders of CoW as well as to provide more incentives to mining stakeholders in Indonesia, the Government finally issued the third amendment of GR No.23 of 2010 on October 14, 2014, namely GR No.77 of 2014.

In GR No.77 of 2014, the divestment obligation provision is amended so that now the amount of the divestment obligation depends on the type of business of the IUP/IUPK holders. If the IUP/IUPK holder does not perform its own processing and/or refining activities, then the amount of foreign shares to be divested is 51 percent. And for an integrated IUP/IUPK holder (i.e. performing its own processing and/or refining), the amount of the foreign shares to be divested is 40 percent. This new provision is already being applied by the Government for the relevant CoW holder in ongoing CoW renegotiations.

In addition, for IUP/IUPK holders which perform underground mining in the course of mining operations, they are only required to divest 30 percent of their foreign shares. And if the mining company uses the underground and open-pit mining method, they are also required to divest 30 percent of their foreign shares.

There is also one important point that needs to be highlighted in GR No.77 of 2014 whereby through issuance of this GR, the Government finally confirms that for IUP/IUPK holders whose shares have been listed on the stock exchange in Indonesia, they shall be recognized as Indonesian participants up to a maximum of 20 percent (twenty percent) of the total shares.

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