



Investing in Asia Pacific 2017

Indonesia

Audit / Tax / Advisory

Smart decisions. Lasting value.

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Welcome

to the Crowe Horwath International
Investing in Asia Pacific 2017: Indonesia guidebook.

This guide forms a part of the Investing in Asia Pacific 2017 series and provides a quick reference for those interested in investing in Indonesia. While it is not exhaustive, this guide aims to answer some of the key questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations and to obtain appropriate professional advice.

The guidebook will cover five main topics as follows:

- Establishing the business entity
- Tax information
- IPO quick facts
- Human resource requirements
- Withdrawal procedures





Introduction to Crowe Horwath International

Crowe Horwath International is ranked eighth largest global accounting network with over 200 independent accounting and advisory services firms in close to 130 countries around the world.

Crowe Horwath International member firms are known for their local knowledge, expertise, and experience balanced by an international reputation for the highest quality in audit, tax, advisory and risk services. They are unified through a shared commitment for impeccable quality service, highly integrated service delivery processes and a common set of core values and management philosophies that guide their decisions daily.

This unique combination of talent provides Crowe Horwath International the worldwide capabilities of a highly integrated network to deliver value to multinational clients doing business across borders.

Indonesia

Smart decisions.
Lasting value.



Establishing the business entity

1. Formation and costs

Company

It takes approximately four (4) - six (6) months.

For a foreign investment company, a business registration should be obtained. In addition to the business registration, business entities engaging in certain industries (e.g. Banking businesses, merchant banking, finance companies, credit and charge card operations, money-changing and remittance businesses, air, land and sea transportation and oil and gas exploration and production) will require special licenses from the Regulatory authority.

Branch

It takes approximately three (3) months.

In general, foreign companies may not establish branches in Indonesia, except for those engaged in certain industries such as oil and gas and banking. There are certain foreign banks with licenses to operate through branches in Indonesia.

However, for new investment in banking, a local incorporated company is required. For tax purposes, branches of foreign companies are considered permanent establishments (PEs).

Representative office

It takes approximately three (3) months to complete the establishment of a representative office.

The time for obtaining licenses depends on the competent authority issuing the license.

Foreign companies may set up representative offices set up of various types, depending on the issuance of licenses by competent authorities. The licenses granted for representative offices are typically for conducting preparatory or auxiliary types of activities, such as acting as an intermediary, assisting with promotional and marketing activities and gathering information for head offices.

An exception to this is a representative office set up under the Department of Public Works will be allowed to conduct business activities.

2. Investment incentives

Company

Incentives for investment in certain industries and/or region:

- a reduction in net income of 30% of the invested amount, which can be claimed within six (6) years of the initial investment and is prorated at 5% per annum.
- acceleration of fiscal depreciation.
- a reduced tax rate of 10% on dividends paid to non-residents (or a lower tax treaty rate).
- an extension of loss carry forward to more than five (5) years, but not more than ten (10) years under certain conditions.

Tax holiday for new company in pioneer industry with certain investment criteria in the form of:

- corporate income tax exemption of five (5) years up to ten (10) years from the start of commercial production;
- 50% reduction on corporate income tax payable for the next two period after the exemption period.

Tax facilities for investment in renewable energy industry in the form of:

- a reduction in net income of 30% of the invested amount, which can be claimed within six (6) years of the initial investment and is prorated at 5% per annum.
- acceleration of fiscal depreciation.
- a reduced tax rate of 10% on dividends paid to non-residents (or a lower tax treaty rate).
- an extension of loss carry forward to more than five (5) years, but not more than ten (10) years under certain conditions.
- exemption of customs duty, income tax and VAT on import of machinery and equipment (not including spare parts).

Branch

There is no investment incentives for branch.

Representative office

Not applicable as revenue earning activities are not permitted.

3. Foreign ownership restriction

There are certain industry sectors in which foreign investment is either restricted or prohibited. These are outlined in Indonesia's "negative list" which provides guidance for foreign investors on:

- sectors wholly prohibited for foreign investors, and
- sectors open to foreign investors with certain conditions / requirements.

The conditions included in the negative list typically relate to percentage of ownership (at the maximum of 95%) of a foreign investor in a PMA company.

4. Work permits and visas**Company**

Work permits take approximately two (2) months and visas takes five (5) days.

Branch

Same as for company.

Representative office

Same as for company.

Helping our clients make smart decisions today, that create lasting value tomorrow.



5. Accounting standards and audit requirements

Company

Accounting Standards:

Businesses are required to maintain accounting records and prepare annual financial statements in accordance with the Indonesian Financial Accounting Standards (SAK is the local acronym) effective 1 January 2015, which are mostly adopted from International Financial Reporting Standards (IFRS) starting 1 January 2014 as issued by the International Accounting Standard Board (IASB).

Audit Requirements:

Statutory audit by a qualified auditor is mandatory for the following types of entities, which are required to submit their annual financial statements to the Ministry of Trade:

- Publicly-listed companies.
- Companies involved in accumulating funds from the public (such as banks and insurance companies).
- Companies issuing debt instruments.
- Companies with assets of 25 billion Rupiah or more.
- Bank debtors whose financial statements are required by the bank to be audited.
- Certain types of foreign entities engaged in business in Indonesia that are authorized to enter into agreements.
- Certain types of state-owned enterprises.

Audits are conducted based on auditing standards promulgated by the Indonesian Institute of Certified Public Accountants (IICPA).

Public companies are required to submit to the Indonesia capital market regulator, Indonesia Financial Service Authority ("OJK"), audited annual financial statements within three months after the end of the annual financial statements period. For interim financial statements, the submission to OJK should be conducted within one month after the date of the interim financial statements if not audited; within two months if statements are reviewed, and within three months if the statements are audited.

6. Foreign ownership over tangible assets

Company

There is no restriction of foreign investment company (treated as a Indonesian resident) to own land and building.

Branch

Non-resident is not allowed to own land and/or building in Indonesia.

Representative Office

Same as for branch.



We offer solutions tailored to your tax challenges.

Successful companies consider tax implications before they make business decisions, so they do not pay more than their legal obligation. This makes international tax compliance, consulting, and structuring a crucial element in your global strategy.

Tax information

1. Tax rates on corporate income

- Normal rate is 25% (applicable since 2010 – onwards); or
- 50% of the normal rate is applicable for company that have annual gross turn over at the maximum of IDR 50 billion provided other criteria is met; or
- 5% reduced of normal tax rate is applicable for public listed company meeting certain criteria.
- Final tax at 1% of gross turnover of not more than IDR 4.8 billion in one (1) fiscal year.

2. Other taxes

Value Added Tax (VAT)	VAT at a rate of 10% applies to the delivery of goods and/or services in the Indonesian Customs Area, importation of goods, and utilization in the Indonesian Customs Area of intangible goods and/or services originating from offshore.
Sales tax on luxury goods (STLG)	<p>The rate of 10% can be reduced or increased to 5% or 15%. VAT at a rate of 0% applies to the exportation of tangible goods, intangible goods and services.</p> <p>STLG is imposed on:</p> <ul style="list-style-type: none">• the transfer of goods categorized as luxuries within the Indonesian customs area by a firm which produces the goods as part of its core or usual business activity.• the importation of goods categorized as luxuries. <p>STLG is only imposed once, at the time of the transfer of goods categorized as luxuries by the firm producing the goods, or at the time of import.</p> <p>The applicable STLG rate ranges from 10% to 200%, depending on the type of goods transferred or imported.</p>
Motor vehicle taxes	Motor vehicle tax is levied annually in Indonesia on owners of motor vehicles. Motor vehicle tax is imposed on the basis of a vehicle's weight relative to the degree of road damage the vehicle may potentially cause and/or environmental contamination caused by the vehicle, and the market value of the vehicle, as determined by the government.
Stamp duty	The applicable motor vehicle tax rates depend on the number of vehicles owned: <ul style="list-style-type: none">• 1% to 2% for the first owned motor vehicle, and• 2% to 10%, applied progressively, for the second and subsequently owned motor vehicles.
Land and building tax (LBT)	The applicable stamp duty rate is either IDR 3,000 or IDR 6,000. IDR 3,000 stamp duty is payable on all documents bearing a sum of money in amounts between IDR 250,000 and IDR 1 million. IDR 6,000 million stamp duty is payable on all documents bearing a sum of money in amounts above IDR 1 million.

<p>Land and building tax (LBT)</p>	<p>The applicable tax rate is 0.3% of the sale value of the land and/or buildings. The sale value is determined every three years by the regional/district government, except for certain land and/or buildings of which the value can be determined on an annual basis by the regional/district government.</p> <p>In certain cases, for land and/or buildings used for plantations, forestry and mining activities, the applicable rate is 0.5% of the sale value of the land and/or buildings. In this case, the sale value is either 20% or 40% of the assessed property value, for sale values up to IDR 1 billion and above IDR 1 billion, respectively. The assessed property value is determined by the Directorate General of Taxes (DGT).</p> <p>Land and/or buildings are exempted from LBT in the following circumstances:</p> <ul style="list-style-type: none"> • when used by the central or a regional government. • when used merely for public services in relation to religious affairs, social affairs, health, education and national culture, and not for profit-oriented purposes. • when used for a cemetery, ancient heritage site or similar purpose. • when used as a protected reserve or recreational forest, national park, grazing land controlled by a village and state land not yet charged with any right. • when used by a diplomatic representation under a reciprocal arrangement, or • when used by a representation of an international organization as determined by the Ministry of Finance.
<p>Tax on land and building right transfers (TLBRT)</p>	<p>Payable on the transfer of land and/or buildings. The transferor is the party obliged to settle the TLBRT due. The applicable rate of TLBRT is 2.5% of the gross transfer value. The gross transfer value is the higher of the actual transaction value and the assessed property value as determined by the regional/district government (except for land used for plantations, forestry and mining where the assessed value is determined by the DGT). The applicable TLBRT for a transfer of an ordinary house/apartment/flat made by a real estate company is 1% of the gross transfer value. TLBRT serves as a final tax.</p>

<p>Duty on acquisition of land and building rights (DALBR)</p>	<p>Payable on the acquisition of land and building rights at the rate of 5% of the gross transfer value. The gross transfer value is the higher of the actual transaction value and the assessed property value as determined by the regional/district government (except for land used for plantations, forestry and mining where the assessed value is determined by the DGT). The transferee is the party obliged to settle the DALBR due.</p> <p>DALBR is payable on the following qualified land and/or building transfers:</p> <ul style="list-style-type: none"> • sale/purchase and trade-in transactions. • grants. • inheritances. • contributions to a corporation. • right separation. • the buyer designation in an auction. • execution of a court decision with full legal force. • business mergers, consolidations and expansions. • prize deliveries.
<p>Tax on sales of high luxury goods</p>	<p>An income tax of 5% is imposed on the sale of high luxury goods, which includes the following types of goods:</p> <ul style="list-style-type: none"> • private aeroplanes and private helicopters. • yachts and other similar vessels. • houses, including land, valued at more than IDR 5,000,000,000 and with an area of more than 400m². • apartments, condominiums and other similar dwellings valued at more than IDR 5,000,000,000 and/or with an area of more than 150m². • vehicles with four (4) wheels (e.g. sedan jeeps, sport utility vehicles (SUVs), multi-purpose vehicles (MPVs), minibuses and other similar vehicles) with a capacity to carry less than 10 passengers, valued at more than IDR 2,000,000,000 or with a cylinder capacity of more than 3,000 cc. • vehicle with Three and Two wheels valued at more IDR 300,000,000 or with a cylinder capacity of more than 250 cc. <p>The applicable tax on the sale of high luxury goods is collected by the seller, provided the seller is a corporate tax resident. Collected tax serves as a tax credit for the buyer.</p>

3. Branch income

Subject to 25% income tax plus 20% (or a reduced tax treaty rate) that applies on the after-tax income of PEs, ie tax on a notional annual net income distribution.

Exemption from tax on a notional annual net income distribution applies if a PE reinvests its all annual net income in Indonesia, subject to the following requirements:

- Invested in the new company which is domiciled in Indonesia and the PE is stated as founder.
- Capital invested in the established company in Indonesia and the PE is stated as shareholder;
- Purchase of fixed assets which is used for operational purposes by the PE;
- Intangible asset which is used for operational purposes by PE.

4. Income determination

Indonesia adopts a worldwide income concept of taxation for residents. This means that income received or accrued in whatever name or form and originating from within or outside Indonesia, which can be used for consumption or to increase the wealth of an Indonesian resident is taxable in Indonesia.

Capital gains other than sale of listed stock and land and/or building derived by corporate residents and PEs are treated as normal business income and are combined with other business income for the purpose of calculating corporate income tax. The total income after considering total combined income, including capital gains, and allowable costs and/or expenses is subject to tax at the corporate income tax rate.

A dividend is the share of profit received by shareholders, including the sum exceeding the amount of paid-up capital received or obtained by shareholders on a repurchase of shares. Dividends received by a limited liability company or a state-owned company are exempted from income tax, including withholding tax, provided the following conditions are met:

- the recipient owns at least 25% of the shares of the Indonesian company distributing the dividend, and
- the dividend is derived from retained earnings.

If these conditions are not met, the dividend income is treated as income and subject to normal income tax rates.

The recognition of foreign source income is as follows:

- business income is recognized when it is received.
- other income is recognized when it is paid.
- dividend income is recognized when it is paid unless it is derived from a non-listed offshore company (subject to certain criteria).

5. Deductions

Business expenses are deductible as long as they are incurred to obtain, collect and maintain business profits. However, there are some expenses that cannot be claimed as a deduction for tax purposes. Those expenses are:

- distribution of profits in whatever name or form, such as dividends, including dividends paid by an insurance company to policyholders, and any distribution of surplus by a cooperative.
- expenses charged or incurred for the personal benefit of shareholders, partners or members.
- formation or accumulation of reserves, except for reserves for bad debts in the case of a bank, finance lease company, consumer finance company, factoring company, reserves in an insurance business, other companies providing loans, reserves for reclamation costs in mining, appropriation for the costs of reforestation/replanting undertaken by forestry companies, and the waste closure or maintenance costs of industrial waste management companies, the terms and conditions of which are stipulated through a Minister of Finance Decree (MFD).
- insurance premiums for health, accident, life, dual purpose and education insurance which are paid by an individual taxpayer, except those paid by an employer where premiums are treated as income of the taxpayer.
- consideration or remuneration related to employment or services given in the form of benefits in kind, except in the case of the provision of food and beverages for employees or consideration or remuneration given in the form of benefits in kind in certain regions and in connection with employment, as stipulated by an MFD.

- excessive compensation paid to shareholders or other associated parties as a consideration for work performed.
- gifts, aid or donations, and inheritances, except "zakat" (Islamic tithe) on income actually paid by a Muslim individual resident and/or a company owned by Muslim individuals to an "amil zakat" (charitable) board or other "amil zakat" institutions established or approved by the government, or other contributions made by individuals which are mandatory for other religions acknowledged in Indonesia to institutions established or approved by the government.
- income tax.
- costs incurred for the personal benefit of a taxpayer or their dependants.
- salary paid to a member of an association, firm or partnership whose capital does not consist of stocks.
- administrative penalties in the form of interest, fines and surcharges, as well as criminal penalties in the form of fines imposed pursuant to the tax laws.

6. Group taxation policies

Corporations are taxed on an individual entity basis. No group consolidation is recognized.

7. Tax incentives

Please see our comments under section Establishing the business entity: Investment incentives.

8. Withholding tax

Dividends	<ul style="list-style-type: none"> • 0% for dividend paid to PT (limited liability company) or a state-owned company which owns at least 25% of the shares of the Indonesian company distributing the dividend, and the dividend is derived from retained earnings. • 15% for dividend paid to other Indonesian resident company. • 10% for dividend paid to Indonesian resident individual. • 20% or reduced tax treaty rate for dividend paid to foreign resident.
Interest	<ul style="list-style-type: none"> • 15% for interest paid to Indonesian resident. • 20% or reduced tax treaty rate for interest paid to foreign resident.
Royalties	<ul style="list-style-type: none"> • 15% for royalty paid to Indonesian resident. • 20% or reduced tax treaty rate for royalty paid to foreign resident.
Technical fee	<ul style="list-style-type: none"> • 2% for technical fee paid to Indonesian resident company, while • progressive tax rate (ranging from 5% - 30%) applies on technical fee paid to Indonesian resident individual. • 20% or reduced tax treaty rate for technical fee paid to foreign resident.
Branch profit	<ul style="list-style-type: none"> • 20% or reduced tax treaty rate that can be exempted from tax if a PE reinvests its annual net income in Indonesia, subject to the following requirements: <ul style="list-style-type: none"> • Invested in the new company which is domiciled in Indonesia and the PE is stated as founder. • Capital invested in the established company in Indonesia and the PE is stated as shareholder; • Purchase of fixed assets which is used for operational purposes by the PE; • Intangible asset which is used for operational purposes by PE.

9. Tax administration

Type of tax	Monthly		Annual	
	Payment deadline	Tax return deadline	Payment deadline	Tax return deadline
Corporate income tax	15th of the following month	20th of the following month	Before deadline for submitting the return	End of the 4th month after tax year end
Individual income tax	15th of the following month	20th of the following month	Before deadline for submitting the return	End of the 3rd month after tax year end
Employee withholding tax	10th of the following month	20th of the following month	N/A	N/A
Other withholding taxes, ie withholding tax art 23/26 and final withholding tax art 4.2	10th of the following month	20th of the following month	N/A	N/A
VAT and STLG	15th of the following month	20th of the following month	End of the month following the month in which the VAT is due before the submission of the VAT return	End of the month following the month in which the VAT is due

10. Taxable incomes for non-residential companies and individuals

Non-residential companies and individuals are taxed at its gross income unless Indonesian tax treaty provide limitation/exemption for Indonesia's right to tax.

Crowe Horwath International's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily



IPO quick facts

1. Bourses in the country

Indonesia Stock Exchange (IDX)

2. Admission requirements

Indonesia Stock Exchange (IDX)

a. Company size

Has net tangible assets, or the sum of net tangible assets and deferred exploration cost in the field of mineral and coal mining, for minimum amounting to IDR 100 billion. Nominal value of the shares at least IDR 100 per share.

b. Trading record

Having been operating in operating core business at least 36 consecutive months or in the field of mineral and coal mining has obtained a Mining Production Operation Permit or already has a Special Mining Production Operation Permit; and has:

- has implemented sales stage;
- has carried out the production operation stage but has not reached the sales stage;
- has not yet commenced the production operation stage.

c. Public shareholding requirement

- The total shares owned by non controlling shareholders (minority shareholders) after the public offering or a company that has been listed at another stock exchange or an unlisted public company in the period of five (5) exchange days prior to the listing application are at least 300,000,000 (three hundred million) and meet the following conditions:
 - at least 20% (twenty percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering less than IDR 500,000,000,000 (five hundred billion rupiah);
 - at least 15% (fifteen percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering starting from IDR 500,000,000,000 (five hundred billion rupiah) until IDR 2,000,000,000,000 (two trillion rupiah);
 - or
 - at least 10% (ten percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering more than IDR 2,000,000,000,000 (two trillion rupiah).
- The total number of shareholders having the securities accounts at the securities exchange is at least 1,000.

d. Compliance with any development policy

Indonesia Financial Services Authority ("OJK") and Exchange requirements.

e. Qualitative requirements

- A legal entity in the form of Limited Liability Company (PT).
- The registration statement submitted to the OJK has become effective.
- In the event the prospective listed company is a subsidiary or a holding company of the listed company, then:
 - upon termination of affiliation between the prospective listed company and the listed company, each company can continue to sufficiently perform its operational activity pursuant to the appraisal of an Appraisal that is registered with the Financial Services Authority; and
 - pursuant to the proforma financial statement of the listed company that has been reviewed by a Public Accountant, without having consolidated with the financial statement of the prospective listed company, can fulfill the listing requirement;
- The financial statements have been audited at least for the last three (3) years, provided the last two (2) years and the latest audit interim financial statement obtain unqualified opinion.
- Having independent commissioners at least 30% of the composition of the board of commissioners.
- Having at least one (1) unaffiliated director in the composition of the board of directors.
- Having an audit committee which meets the provisions as set out in the Rule of Bapepam and LK Number IX.1.5. concerning Guidelines on Establishment and Working Implementation of Audit Committee.
- Having an Internal Audit Unit which meets the provisions as set out in the Rule of Bapepam and LK Number IX.1.7. concerning Forming and Charter's Compilation Guidance of Internal Audit Unit.
- Having a corporate secretary which Formation of Corporate Secretary.
- Having the Board of Directors and the Board of Commissioners which meet the requirements as set out in the Rule of Bapepam and LK Number IX.I.6. concerning Director and Commissioner of Issuer and Public Companies.
- The Prospective Listed Company that will conduct Initial Public Offering must enter into an underwriting agreement in term of Public Offering in the form of full commitment.

3. Specific requirements for specific industries

The requirements for Issuance of Sharia Securities are:

a. General Provisions:

- Any person issuing Sharia Securities must fulfill the requirements set up in the Shariah in Capital Market related to Sharia Securities offered, provisions stated this rule, and other rules and regulation in Capital Market area.
- Any person issuing Sharia Securities must comply with Sharia Principles in Capital Market related to the Sharia Securities offered.
- Sharia Securities do not longer fulfill the Sharia Principles in Capital Market when the business activity, business governance, assets of investment funds, and or assets of collective investment contract of Assets Backed Securities of the Issuer are not in compliance with Sharia Principles in Capital Market.
- Any person issuing the Sharia Securities and stating that the company business activity and business governance are compliance with the Sharia Principles in Capital Market must affirm that:
 - the business activity and management of the Person performing Public Offering are in compliance with the Sharia Principles in Capital Market as stated in the Company Article of Association or Collective Investment Contract;
 - type of business, product, rendered services, managed assets, contract, and management of the Person performing Public Offering do not contradict the Sharia Principles in Capital Market;
 - for issuers and Public Company, it must have a member of directors and board of commissioner who comprehend any activity which may contradict the Sharia Principles in Capital Market; and
 - for Sharia Mutual Funds and Collective Investment Contract Assets Backed Securities, it must have Investment Manager Representatives, and person in charge to carry out the Custodian activities in Custodian Bank who comprehend any activity which may contradict the Sharia Principles in Capital Market.

b. The Issuance of Sharia Securities:

The issuance of Sharia Securities by Issuer or Public Company stating that the company business activity and business governance are in compliance with the Sharia Principles in Capital Market.

- Unless determined otherwise by this rule, Issuer or Public Company issuing the Sharia Securities must:
 - i. Follows Rule Number IX.A.1 concerning General Requirements Regarding Submission of a Registration Statement or Rule Number IX.B.1 concerning Guidelines for the Form and Content of a Public Company Registration Statement, and other related rules regarding Public Offering; and
 - ii. Discloses additional information in the prospectus informing that:
 - its article of association states that the business activity and business governance are in compliance with the Sharia Principles in Capital Market;
 - the nature of business, produced goods and services, managed assets, contract, and business governance of the Issuer or Public Company do not conflict with the Sharia Principles in Capital Market; and
 - the Issuer or Public Company has members of board of directors and board of commissioners that understand any activity that may conflict with the Sharia Principles in Capital Market.
- Issuer or Public Company issuing Sharia shares may only amend its article of association related to business activity and business governance to be no longer in compliance with Sharia Principles in Capital Market if:
 - i. there is a proposal from the shareholders that has fulfilled requirements stated in the Company Law; and
 - ii. the proposal has been approved in General Shareholders' Meeting.
- Issuer or Public Company who amends its article of association must settle the disapproving shareholders' rights by ensuring that their shares could be sold at fair price by considering the following provisions:
 - in case the shares are not listed in the Stock Exchange, the exercise share price should at least be the same as the fair price determined by an independent Appraiser;
 - in case the shares are listed and traded in the Stock Exchange but within 90 (ninety) days are being idle or temporarily suspended, the exercise shares price is at least the same as the highest price within the last 12 (twelve) months prior to the last trading day or the day it is temporarily suspended; or
 - in case the shares are listed and traded in the Stock Exchange, the exercise share price should at least be the same as the highest share price within the last 90 (ninety) days prior to the date of publication of General Shareholders' Meeting regarding the amendment of the article of association.

4. Typical issuance size

Indonesia Stock Exchange (IDX): At least 300,000,000 (three hundred million) and meet the following conditions:

- at least 20% (twenty percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering less than IDR 500,000,000,000 (five hundred billion rupiah);
- at least 15% (fifteen percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering starting from IDR 500,000,000,000 (five hundred billion rupiah) until IDR 2,000,000,000,000 (two trillion rupiah); or
- at least 10% (ten percent) of total number of shares in the paid-up capital, for the Prospective Listed Company with equity value prior to the Public Offering more than IDR 2,000,000,000,000 (two trillion rupiah).

5. Moratorium imposed

- If it is stated in the Prospectus that the Securities will be listed on a Securities Exchange, and if the Public Offerings does not meet the requirements for listing on the Securities Exchange where it was to be listed, the offering must be cancelled and the subscription money must be returned to subscribers.
- If an order for Securities has been partially or totally rejected, or in the event of cancellation of Public Offering, the restitution of the subscription money must be made by Underwriters or Selling Agents, not later than two (2) working days after the date of the allotment or the date on which the cancellation was made public.
- The requirements and procedures for compensation for orders in case of a delay in the restitution of the subscription money referred to rejected or cancelation of Public offerings beyond two (2) working days, shall be disclosed in the Prospectus, Summary Prospectus and Preliminary Prospectus (if any).

6. Requirements for the appointment of a resident/local director and board composition

Candidates for directors and commissioners must meet the following requirements:

- Have a good character and moral;
- Are legally competent;
- Have never been declared bankrupt or been the director or commissioner who were responsible for causing a company to go bankrupt within five (5) previous years before appointed.
- Have never been found guilty of criminal act within five (6) years before appointed.

7. Timeline

45 days after the last response to OJK comments and or inquiries.

8. Approving Authorities

Indonesia Financial Services Authority ("OJK").

9. Estimated cost involved

- Registration fee IDR 25 million
- Initial listing cost IDR 25 million - IDR 250 million
- Annual listing cost IDR 50 million - IDR 250 million
- Additional shares listing cost IDR 10 million - IDR 150 million

10. Language required for:

- a. Prospectus: Bahasa Indonesia.
- b. Annual reports: Bahasa Indonesia.
- c. Audit reports: Bahasa Indonesia.

11. Audit opinion required for:

a. IPO

Unqualified opinion for the last two (2) years and the last interim audit financial statements consecutively.

b. After IPO

Not available.

12. Requirements of accounting auditors to be appointed

Registered with OJK and comply with OJK Rule VIII.A.1 concerning Registration of Accountant Engaging in Capital Market Activities (Decision of The Chairman of Capital Market and Financial Institutions Supervisory Agency Number: KEP – 41/BL/2008).

13. Delisting standards from bourses

Delisting of a share from the list of Stock Securities that is listed at the Exchange may occur if due to:

- The share Delisting application which is submitted by the relevant Listed Company;
- The delisting of the share is delisted by the Exchange in accordance with provision III.3 of Rule Number I-I concerning Delisting and Relisting of Securities at the Exchange (Decision Board of Directors of IDX No. Kep-308/BEJ/07-2004 concerning Delisting and Relisting of Securities at the Exchange).

The requirement of the shares Delisting at upon the request of Listed Company:

- The submission of the shares Delisting application by the Listed Company, can only be conducted if the shares have been listed at the Exchange at least for 5 (five) years;
- The delisting proposal should have been approved by general meeting of shareholders (GMS) of Listed Company;
- The Listed Company or any other parties must purchase the shares of any shareholder who disapproved with the resolution of GMS at certain price.



*Capitalize on a worldwide team
of experts ready to assist you in
turning goals into achievements.*

Human resource requirements

1. Special labour standards to take heed of

- Act No.13 Year 2003 concerning Manpower; chapter VIII: Employment of Foreign Worker.
- Ministerial Decision No: KEP-20/MEN/III/2004 concerning Procedures for the Utilization of Foreign Workers.
- Foreign worker can be only employed under limited time of working agreement (PKWT). The agreement made based on period of time or period of work. Working agreement has to be made in Indonesian language and/or other foreign language. But when different interpretation occurs in between, the Indonesian version that can be use/engage. PKWT based on period of time maximum of five (5) years.
- Basic Requirement of Foreign Employment
 - i. Has a suitable educational background to the job in Indonesia.
 - ii. Has minimum five (5) years suitable/related working experiences.
 - iii. Willing to make a written agreement of knowledge and ability transfer to designated local counterpart of the foreign worker.
 - iv. Able to communicate in the Indonesian language.
- The Obligation of Employers Based on Indonesian Labor Law
 - i. Own a written permit from the Minister of Labor and Transmigration.
 - ii. Designate a local counterpart for the foreign worker.
 - iii. Provide training to the local counterpart based on the job qualification of the foreign worker.
 - iv. Pay the compensation (DPKK) of foreign worker.
 - v. Send the foreign worker to his/her country after the termination of working agreement.

2. Social welfare

Act No. 14 Year of 2011 concerning BPJS (Badan Penyelenggara Jaminan Sosial Ketenagakerjaan). Based on this Act, social insurance for private sector workers, JAMSOSTEK, changed into BPJS Ketenagakerjaan effectively July 1, 2015. BPJS Ketenagakerjaan contains of Accident Insurance, Life Insurance, Annuity Insurance, and Pension Insurance. Until the effectivdate, regulations of implementation of JAMSOSTEK programs remain valid (Government Regulation No. 14 Year of 1993).

- Accident Insurance Premium (Jaminan Kecelakaan/JKK):
There are five (5) categories based on main business:
 - i. 0.24% from the basic salary paid by employer.
 - ii. 0.54% from the basic salary paid by employer.
 - iii. 0.89% from the basic salary paid by employer.
 - iv. 1.27% from the basic salary paid by employer.
 - v. 1.74% from the basic salary paid by employer.
- Life Insurance Premium (Jaminan Kematian/JK): 0.3% from the basic salary paid by employer
Annuity Insurance Premium (Jaminan Hari Tua/JHT):
 - i. 2% from basic salary paid by employee.
 - ii. 3.7% from basic salary paid by employer.

Formerly, JAMSOSTEK also contains Health Insurance (JPK). Based on Act No. 14 Year of 2011 effective January 1, 2014 Health Insurance on JAMSOSTEK changed into BPJS Kesehatan.

- Health Insurance Premium (BPJS Kesehatan):
 - i. 4% from basic salary paid by employer.
 - ii. 1% from basic salary paid by employee.

Employers are obligated to all their employees to BPJS Ketenagakerjaan & BPJS Kesehatan programs including the foreign worker who works at least 6 months in Indonesia.

3. Requirements for retirement benefits

Retirement Benefits:

Act No.13 Year 2003 concerning Manpower; chapter XII article 167:

- If the employer does not provide retirement benefit program, the employer is obliged to pay them: twice the amount of severance pay, 1 (one) time amount of reward pay, and compensation pay that stipulated under Act No. 13 Year 2003 concerning Manpower article 156.
- If the retirement benefit program provided by employer is less than obligation mention above, the employer shall pay the difference.

4. Legal annual leave and public holidays

- The annual vacation leaves at least twelve (12) working days after twelve (12) consecutive months of working. The other details regulated by the Company Rules (Peraturan Perusahaan) or by the Working Agreement.
- Other reasons workers allowed to take a leave:
 - a. Sick leave (more than a day should be proved by health certificate).
 - b. Wedding, marry of the children, child circumcision, child baptize, maternity/miscarriage, family member dies.
 - c. Carrying out or fulfilling their obligations to the State.
 - d. Performing religious obligations.

There are fifteen (15) Public Holidays annually:

- a. New Year;
- b. Chinese New Year;
- c. Maulid of Prophet Mohammed;
- d. Saka New Year;
- e. Good Friday;
- f. Waisak;
- g. Accession Day of Jesus Christ;
- h. Isra Mi'raj;
- i. Independence Day;
- j. Eidl Fitri (2 days);
- k. Eidl Adha;
- l. Islamic New Year;
- m. Christmas;
- n. Labor Day (May Day)

5. Brief information on labour unions

Act No.13 Year 2003 concerning Manpower; chapter XI article 104:

- Every worker has the right to form and become member of a labour unions.
- Workers and their union shall perform the function of performing their jobs as obliged, working order to ensure production, channeling their aspirations democratically, enhancing their skills and expertise and helping promote the business of the enterprise and fight for the welfare of their members and families.

Labour Unions should be registered to the regency labour institution (Ministerial Decision No. 16 Year of 2001) and should be verified by the same institution (Ministerial Regulation No: PER. 06/MEN/IV/2005 concerning Procedure of Labour Union Verification).

6. Country quirks

- Working Hours:
 - i. Seven (7) hours a day and 40 hours a week for six (6) working days within a week; or
 - ii. Eight (8) hours a day and 40 hours a week for five (5) working days within a week.
- THR (Tunjangan Hari Raya):
Ministerial Regulation No: PER.04/MEN/1994 concerning Tunjangan Hari Raya:
 - i. Employer should provide THR to each employee that has completed three (3) months of working.
 - ii. One (1) month salary annually and this shall be pro-rated for any incomplete year of service.
- Should the termination of employment take place, the employer is obliged to pay the dismissed worker severance pay, reward pay, and compensation pay. The amount of the severance and reward is based on the years of employment which disputed in Act No.13 Year 2003 concerning Manpower; chapter XII article 156.

Withdrawal procedures

1. Company: tax requirements

Tax audit will be conducted for tax ID number revocation in relation to the liquidation process.

2. Branch: tax requirements

Same as for company.

3. Representative office: tax requirements

Same as for company.

Local expertise,
global connections



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Crowe Horwath - Indonesia was initially founded as CBA Consulting Group in 2003 by several senior Partners from the largest professional service firm in Indonesia at that time. The group has grown tremendously into one of the largest professional service firms in Indonesia providing high-quality audit, tax and advisory services to our valued clients.

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