



Client Alert June 2020

New Regulation on Mandatory Company Annual Financial Statements Filing

The Minister of Trade of the Republic of Indonesia has issued a new regulation regarding Company Annual Financial Statements (*Laporan Keuangan Tahunan Perusahaan* – LKTP). The LKTP filing, which was previously conducted offline, now must be done electronically through the Ministry of Trade’s online system (*Sistem Informasi Perizinan Terpadu* – SIPT). The regulation also introduces specific sanctions for companies who fail to comply with the LKTP submission requirements.

Overview

On 19 March 2020, the Minister of Trade of the Republic of Indonesia (“**MOT**”) issued the MOT Regulation Number 25 of 2020 concerning Company Annual Financial Statements (“**MOT Regulation 25/ 2020**”). MOT Regulation 25/ 2020 revoked the Minister of Trade and Industry Decree

Number 121/MPP/Kep/2/2002 on the Provision of Company Annual Financial Statements Submission and serves as the new implementing regulation for the Government Regulation Number 24 of 1998 on Company Financial Statements Information, as amended by Government Regulation Number 64 of

1999 (“**GR 24/ 1998**”). GR 24/ 1998 and MOT Regulation 25/ 2020 set out the requirement for companies conducting business activities in Indonesia that meet certain requirements (as further elaborated below) to submit their audited annual financial statements to the MOT.

Criteria

The obligation to submit the LKTP is applicable to the following companies:

1. Limited Liability Company (*Perseroan Terbatas*), which fulfils one of the following criteria:
 - a. publicly listed companies;
 - b. companies engaging in the management of public funds e.g. bank and insurance;
 - c. companies issuing debt instruments;
 - d. companies having total assets of IDR 25 billion or more; or
 - e. debtors whose annual financial statements are required by the bank to be audited.
2. Foreign companies conducting business activities in Indonesia, including their branch offices, sub-offices, subsidiaries as well as agents and representatives; and
3. State-owned enterprises (in the form of *Perusahaan Perseroan* and *Perusahaan Umum*) and regional-owned enterprises.

Form and Procedure

Prior to submission, the companies' LKTP must be audited by a public accountant and approved by the General Meeting of Shareholders or other company organs that are authorized to ratify the LKTP based on the relevant company's Articles of Association. The contents of the LKTP must include the followings:

- a. balance sheet or other report that describes the financial position (signed by the head of company or company's appointed official);
- b. income statement or other report that describes the financial performance (signed by the head of company or company's appointed official);
- c. statement of changes in equity;
- d. statement of cash flow; and
- e. notes to the financial statements which at least shows accounts

payable and receivable, including bank loans and list of capital investment.

Companies are required to file the LKTP in PDF version along with company profile through the SIPT portal (<http://sipt.kemendag.go.id>) at the latest within 6 (six) months following the end of company's financial year. Director General of Domestic Trade at the Ministry of Trade will issue a filing receipt (*Surat Tanda Penyampaian Laporan Keuangan Tahunan Perusahaan* - STP-LKTP) within 5 (five) working days following the receipt of complete and correct filing documents.

Furthermore, Article 10 of the MOT Regulation 25/ 2020 provides that in the event that a company has submitted LKTP to:

- a. regulator;
- b. the authority governing the submission of financial statements;
- c. Minister of State-Owned Enterprises; and/ or
- d. Minister of Finance,

the obligation to submit the LKTP is deemed completed and the company could upload the submission receipt of the LKTP through the SIPT portal to obtain STP-LKTP.

During the transition period to the online system, the MOT Regulation 25/ 2020 provides that companies are still able to submit the LKTP manually to the Directorate of Business and Distributor Development (*Direktorat Bina Usaha dan Pelaku Distribusi*) for a period of 6 (six) months as of the issuance of the MOT Regulation 25/ 2020 (i.e. until 19 September 2020).

However, based on our observation, the SIPT portal is still not accessible for submission. Thus, the LKTP should be submitted manually at the moment. It is noteworthy that due to the current COVID-19 pandemic, the LKTP submission must be conducted by sending the LKTP (in PDF format) and

company profile (in Microsoft Access format) to email address of the Directorate of Business and Distributor Development at lktp.bupd@gmail.com.

Sanction

Pursuant to Article 14 of the MOT Regulation 25/ 2020, failure to submit the LKTP or submit the LKTP in timely manner are subject to the following administrative sanctions:

- a. written notice;
- b. revocation of business licence and/ or operational/ commercial licence, for companies engaging in trading sector; and/ or
- c. revocation recommendation of business licence and/ or operational/ commercial licence, for companies engaging in non-trading sectors.

In addition to the above, companies failing to submit the LKTP with complete and correct information are also subject to administration sanction in the form of STP-LKTP revocation.

Observation

Although the requirement to file the LKTP was firstly introduced in 1998 through the GR 24/ 1998, however, we understand that in practice some companies in Indonesia are not aware of such requirement, particularly due to lack of enforcement from the Ministry of Trade. Based on our discussion with officers at the Directorate of Business and Distributor Development at the Ministry of Trade, we understand that following the issuance of this new regulation, it is expected that companies would have easier access and therefore increasing compliance level of LKTP filing requirement.

Contact us

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