

Deloitte.



Indonesian Customs Guide 2019

Deloitte Touche Solutions

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About Deloitte

Our Global Organization

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate.

Deloitte's approximately 210,000 professionals are committed to becoming the standard of excellence.

Our member firms serve more than 80 percent of the world's largest companies, as well as large national enterprises, public institutions, locally important clients, and successful, fast-growing global companies. We audit nearly 20 percent of the companies with assets that exceed US\$1 billion.

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

With a team of over 340 partners and 8,800 professionals in 25 office locations, Deloitte Southeast Asia specialists combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

We are one Deloitte for the Southeast Asia marketplace, and clients reap the benefit of our combined pool of expertise and specialist skills. Whether it is our capital markets resources in Indonesia and Singapore or transfer pricing expertise in Guam, we can bring our strengthened team to deliver services in a seamless manner across the region.

The formation of the Deloitte Southeast Asia practice has also allowed us to centralize and therefore strengthen our training and learning opportunities for both our people and clients alike. In addition, our size and scale gives us the ability to invest more heavily in local markets and to continue to offer innovative services and solutions where and when they are needed.

Deloitte in Indonesia

With over 1,400 Partners and Staff located in Jakarta and Surabaya, Deloitte Indonesia's practice is represented by:

- Deloitte Touche Solutions (DTS), Tax Consulting
- PT Deloitte Konsultan Indonesia (DKI), Financial Advisory and Risk Advisory Services
- KJPP Lauw & Rekan, Valuation Advisory
- Hermawan Juniarto & Partners, Lawyers
- PT Deloitte Consulting, Strategy & Operations Advisory

We have a diversified client base which includes major multinationals, large national enterprises, public institutions, local important clients and successful fast growing global companies. Our clients come from major industries such as banking & finance, manufacturing, transportation, technology, media, telecommunications, retail & wholesale, oil & gas, mining, and life science & healthcare.

Our client service team, comprising partners, practitioners and support staff, helps create powerful business solutions with an integrated approach that combines insight and innovation from multiple disciplines using business knowledge and industry depth with the breadth of professional expertise to help clients exceed their expectations in the complexity of the global business environment.

Deloitte Touche Solutions has extensive experience assisting our clients in developing and implementing creative tax solutions that complement their business strategies. We offer clients practical solutions to address their tax needs and in-depth knowledge of Indonesian tax requirements. With both Indonesian and expatriate tax professionals, we are in a unique position to deal with the complexities and peculiarities of the Indonesian tax system and help businesses to meet the challenges of an increasingly sophisticated market.

Global Trade Advisory Services Group

We understand that companies are increasingly looking for real bottom-line savings – even if they only provide a short-term gain; improvement of cash flow, and value-for-money advice. Our Global Trade Advisory (GTA) team can help you to achieve these objectives by:

- Identifying and obtaining absolute savings in duty through adoption of tried and tested planning techniques;
- Improving cash flow through adoption of appropriate customs
- Facilitation measures;
- Providing support in implementing procedures that will ensure customs compliance, thus minimizing exposure to penalties and potential costly audits;
- Identifying and Obtaining Customs and Trade facilities.

We advise on duty requirements, taxes payable at importation, and other regulatory and commercial concerns that can create costly delays as you import and export goods. Services include:

- Valuation and classification,
- Customs duty refund,
- Representation in customs disputes (audit, objection, appeal, etc.),
- Customs duty and excise consultation,
- Assistance in obtaining customs duty facilities from the Customs Authority, pre-entry classification, and other related customs and trade matters, etc.

Deloitte's Indirect Tax Team has received the following awards from the International Tax Review:

- Indonesia Indirect Tax Firm of the Year in 2008
- Asia Indirect Tax Firm of the Year in 2010

General Information on Indonesian Customs

Indonesian Customs Law

Indonesian Customs is governed under Law Number 17 of 2006 as the amendment of Law Number 10 of 1995 on Customs (ICL). The amended ICL has been in effect since 15 November 2006.

Indonesian Customs Territory

- The Indonesian Customs Territory is defined as the territory of Indonesia, covering the land and waters and the air space over them and specified localities in the exclusive economic zone (ZEE) and the continental shelf in which the ICL applies in full.
- The Indonesian ZEE is the outer strip bordering the Indonesian territorial sea as determined by the law applicable to the Indonesian waters, covering the seabed, the subsoil thereof, and the water above it with an outermost limit of two hundred (200) nautical miles, measured from the baseline of the Indonesian territorial sea.

Customs Area

A Customs Area is an area with certain borders at a harbour, airport, or other place designated for flow of goods, which is fully under the monitoring of the Indonesian Directorate General of Customs and Excise (DGCE).

Import

A. Import in Brief

Any goods coming from overseas into the Indonesian customs territory are treated as “import” and are generally subject to import duty. Importation of goods into Indonesia is subject to Customs verification, i.e. verification of documentation and physical inspection of goods.

Importation of goods into Indonesia must be declared to the Customs Authority using an Customs declaration Form (PIB). To be able to fulfil customs obligations, the importer must register with the Investment Coordinating Board (BKPM) to obtain a Business Registration Number (NIB).

Import duty and import taxes payable should be settled first before the goods are released from the customs area (airports and harbours).

B. Requirement for Importers

An importer can be a person or company. An importer must have Business Registration Number (NIB). Importation of certain products requires the importer to have an Import Approval (PI).

Business Registration Number (NIB)

Any existing and/or newly established business in Indonesia must obtain a Business Registration Number (“NIB”). NIB shall be used as business identity for the Entrepreneur in order to obtain Business Permit and Commercial or Operational Permit which includes the fulfillment of requirements to extend or amend Business License and Commercial or Operational Permit, which will be done through Online Single Submission (“OSS”) system.

NIB represents the following license:

- Certificate of Company Registration (TDP)
- Customs Registration (NIK)
- Importer Identification Number (API)

Any changes prior to the above information shall be submitted through OSS system. In order to expand its business or investments, an existing investment company which currently holds an interim investment (investment registration) or holds business license from Indonesian Investment Coordinating Board (“BKPM”) shall also be required to apply for its business license and/or commercial licenses through OSS system. The amendment of newly and/or any existing investment company’s corporate identity, association, or its information (i.e. mergers, transfers of shares and acquisitions) shall not be done through the OSS system, and any prior changes shall be done only after obtaining approvals from relevant government authorities, therefore once after its completion, the information must be updated in the OSS system.

Importer Identification Number (API)

When registering NIB, an importer must choose which API will be chosen. Currently there are two types of API as summarized in the table below:

API-U (General API)	Granted to importers that import goods for trading or transfer to other parties.
API-P (Producer API)	Granted to importers that import goods for their own use as raw materials, supporting materials and/or for supporting production process.

Importers shall only have one type of API, either an API-U or an API-P. An API-P holder may import interchangeable manufactured goods such as complementary goods, market test goods and after-sales goods in order to develop its business and investment. Additional approval from MoT needs to be obtained, but such goods may not be used in the manufacturing process. The issuance of API-P for energy, oil, gas, mineral industry and other natural resources requires special approval from the related ministry.

Online Single Submission (OSS)

Any Entrepreneur in the process of fulfilling its customs obligations must register to Directorate General of Customs & Excise (DGCE). The prerequisite for such registration is that the Entrepreneur must already have the NIB issued by the OSS system, which serves as user login to access DGCE systems / applications. Further, the licensing services can be offered via the OSS system, which include:

- Customs Registration
- Licensing of Bonded Warehouse (TPB)
- Licensing of Ease of Import for Export (KITE)
- Licensing of Excisable Goods Entrepreneur Registration Number (NPPBKC)

These licensing services are processed online, through the Indonesia National Single Window (INSW) portal that is integrated with the OSS system.

Import Approval (PI)

Import Approval is a permit to import interchangeable manufactured goods such as complementary goods, market test goods and after-sales goods. Import Approval will be issued by MoT with supporting specific recommendations from related ministries before the product can be imported.

Special Approval for Importation of Used Capital Goods

Import of used capital goods ("non-new" machinery) can only be done by the following type of importers with special approval from the MoT:

- Direct User,
- Reconditioning Company, and/or
- Remanufacturing Company.

Authorized Economic Operator (AEO)

An AEO is Economic Operator that has obtained recognition from Directorate General Customs and Excise (DGCE). The entity who have obtained the AEO status is entitled to enjoy certain customs treatments as follows:

1. Minimum examination of documents and/or physical inspection;
2. Priority to receive simplification of customs procedures
3. Special services in the event of disruption of logistics supply movement or increased threat
4. Facility of preliminary declaration (pre-notification);
5. Able to use a corporate guarantee to guarantee all activities in the field of customs;
6. Facility of payment of periodic customs obligations settlement;

7. Facility of unloading and/or loading directly from or to means of transport that comes from or departs to outside the customs territory to or from means of land transport without undergoing stockpiling;
8. Priority to be included in new programs initiated by the Directorate General of Customs and Excise;
9. Receive special services provided by the Client Manager; and/or
10. Receive customs settlement services outside the working hours of the Customs Office.

C. Customs Declaration Forms

- The Importer must prepare a Customs Declaration Form (PIB) upon the importation of goods.
- The customs declaration should be accompanied by supporting documents, i.e. commercial invoice, airway bill (AWB) or bill of lading (B/L), packing list (P/L), insurance letter, etc. The supporting customs document can be submitted as electronic data to the DGCE within 24 hours after the importer obtains its PIB registration number.
- Revision of a customs declaration can be done under certain circumstances. Revision can be made to a customs declaration, provided the imported goods have not been released from the temporary customs area, the error was not discovered by the customs officials, and no assessment has been issued.
- The type of customs declaration form depends on the purpose of import, as follows:

Customs declaration Form	Form Code
Declaration for Importing Goods to Bonded Logistics Center (PLB)	BC.1.6
Declaration for Importing Goods (PIB Form)	BC 2.0
Declaration for Importing Particular Goods (PIBK Form)	BC 2.1
Declaration on the Import of Goods Belonging to Passengers or Transport Facility Crew	BC 2.2
Declaration on the Import of Goods to be Stored in a Bonded Storage Place	BC 2.3

Declaration on the Settlement of Imported Goods Receiving Import Facility for Export Purpose (previously known as KITE)	BC 2.4
Declaration to release the Goods from Bonded Storage Place to the TLDDP	BC 2.5
Declaration on the Temporary Release of Goods from Bonded to TLDDP Storage Place with Guarantee	BC 2.6.1
Declaration on the Reintroduction of Goods to Bonded that were Previously Released from Bonded to TLDDP	BC 2.6.2
Declaration on the Release of Goods to be transferred from one Bonded Storage Place to another Bonded Storage Place	BC 2.7
Release from Bonded Logistics Center (PLB) to be imported or to be used	BC 2.8
Notification of Export of Goods	BC 3.0
Declaration on the Entry of Goods Originating from Other Places Within Indonesian Customs Area (TLDDP) to Bonded Storage Place	BC 4.0
Declaration on the Re-release of Goods Originating in TLDDP from Bonded Storage Place	BC 4.1

D. General Procedure of Importation

The procedures of importation are as follows:

1. Arrival of Transportation Vehicle (Ship, Airplane, etc.). Before the arrival of a transportation vehicle from outside the customs territory, the carrier must notify the Customs Office of the planned arrival of the vehicle no later than 24 hours before its arrival.
2. Arrival of Import Goods
Upon the vehicle's arrival, the carrier must submit a customs declaration, i.e. manifest, to the Head of the Customs Office within certain times after the arrival of vehicle (24 hours for a ship, eight

hours for aircraft; immediately for land transport), in Indonesian or English, signed by the carrier.

3. Discharge of Import Goods

The imported goods shall be discharged at the customs area or other place after receiving approval from the Head of Investigation or authorized officer. The carrier shall provide list of the containers or break bulk amount which has been discharged to the authorized officer at the Customs Office, either manually or electronically.

4. Procedure for Clearance / Release of Import Goods from Customs Area

- The importer shall complete and submit the PIB, compute the import duty and import taxes, and make payment to the depository bank;
- The PIB and its attachments, such as commercial invoice, P/L, 2B/L / AWB, import duty and import taxes payment evidence, etc., are submitted to the Customs Authority for approval;
- The import goods can be released from the customs area after approval by the Customs Authority.

5. Computation of Import Duty and Import Taxes

- $\text{Import Duty} = \text{Customs Duty Tariff} \times \text{CIF Value (Cost, Insurance and Freight)}$
- $\text{Value Added Tax (VAT)} = 10\% \times [\text{CIF Value plus import duty}]$
- $\text{Article 22 Income Tax} = \text{Tariff} \times [\text{CIF plus import duty}]$ the tariff of Art.22 is 2.5%, 7.5% & 10% depending on the kind of goods
- $\text{Luxury Goods Sales Tax (LGST)} = \text{Tariff} \times [\text{CIF Value plus import duty}]$ *LGST is only imposed on certain goods that are defined as luxury goods*
- Excise = charged based on excise value per unit
Excise is only applied for excisable goods

6. Voluntary Declaration

All goods entering the Customs Territory are treated as imported goods and subject to import duty and taxes. The duty and taxes are based on the customs value, which in turn is calculated based on the transaction value. Transaction value is defined as the price actually paid or payable. However, not all components of the customs value can be determined by the time of Customs declaration ("PIB") submission, such as futures prices, royalties and proceeds.

In the case of the goods' value could not be determined by the time of PIB submission, the importer shall declare a Voluntary Declaration which serves as a supporting document, which is delivered along with the hardcopy PIB once the goods are cleared on the destination port. It shall acknowledge all the goods imported with the estimated prices that should be paid and/or costs which must be added to the value of a transaction.

Upon the Voluntary Declaration, the importer shall settle a Voluntary Payment of import duty and other taxes no later than 7 (seven) days from the future settlement date of the prices, royalties, and proceeds.



Customs Valuation

A. Basic Principles

Customs valuation is a series of customs procedures that are applied to determine the customs value of the imported goods.

The determination of customs value in the course of importation into the Indonesian customs territory is governed under Article 15 of the ICL, which states that the customs value of imported goods shall be the “transaction value”.

If the customs value cannot be determined based on the transaction value of the imported goods, then the customs value should be based on the transaction value of identical goods, the similar goods, deduction method, or computation method, or should be determined on the basis of data available in the customs territory, subject to certain limitations. The following section summarizes the methods for determining customs value as regulated under Article 15 of the ICL.

B. The Six Valuation Methods

1. *Transaction Value (1st Method)*

Customs value for the calculation of import duty shall be the transaction value of the concerned goods in the context of sales and purchase transaction. “Transaction Value” means the price actually paid or payable by the buyer to the seller for the imported goods, plus certain costs related to the goods that are not included in the transaction value, i.e.:

- a. Costs paid by the purchaser that are not yet specified in the price actually paid or that should be paid, e.g. commissions and brokerage fees (except buying commission), packing and container costs;
- b. Assistance supplied directly or indirectly by the buyer to the supplier, e.g. materials, components, parts, tools, moulds, technical development, artwork, design, etc.;
- c. Royalty and license costs to be paid by the purchaser directly or indirectly as a requirement for sale/purchase of the imported goods being valued, as long as the royalty and license costs are not included in the price actually paid for the imported goods

- concerned;
- d. The value of any part of the proceeds/ income earned by the purchaser to be conveyed directly or indirectly to a vendor upon sale, utilization, or use of the import goods concerned as required in the sales contract;
 - e. Costs of transportation (freight) of import goods sold for export to a port or place of import within the customs territory;
 - f. Costs for loading, unloading, and handling related to transportation of the import goods to the port or place of import within the customs territory; and
 - g. Insurance costs.

The price actually paid or payable excludes:

- a. Costs incurred by the buyer for its own purposes, e.g. cost for running tests, cost for establishing showrooms, marketing research, and cost for letter of credit (L/C);
- b. Costs incurred after importation of goods, such as construction fee, commissioning, maintenance or technical assistance, transportation cost, insurance and/or other cost incurred after importation of goods, import duty, excise, etc.;
- c. Dividend;
- d. Interest; and
- e. Discounts.

The following conditions must be fulfilled in order to apply the transaction value as the customs value:

- a. There is no requirement or consideration of the transaction or price of the imported goods for which the value cannot be determined;
- b. There are no proceeds that should be provided by the buyer to the supplier;
- c. There is no special relationship between the buyer and the supplier that influences the price of the goods;
- d. There is no restriction on the utilization/use of the imported goods by the buyer, except the ones which:
 - i. are imposed or required by Law in Indonesia;
 - ii. are only limited to the geographical area in which the goods may be resold; and
 - iii. do not substantially affect the value of the goods.

2. Identical Goods (2nd Method)

In the case that the customs value for the calculation of import duty cannot be determined based on the transaction value as intended

in point (1), the customs value for the calculation of import duty shall be determined based on the transaction value of identical goods.

Two goods are deemed identical if both are the same in every way, i.e. at least by the physical characteristics, quality, and reputation, as well as:

- a. Being manufactured by the same manufacturer in the same country; or
- b. Being manufactured by another manufacturer in the same country.

The following conditions must be fulfilled in order to apply the transaction value of identical goods as the customs value:

- a. the related PIB has been assessed by the Customs Authority according to the transaction value; the PIB referred to must fulfil the following conditions:
 - declared by importer having a clear business field;
 - clearly states the description, specifications, and unit of goods; and
 - it was not declared by the same importer valuing the PIB, unless the PIB has been audited, confirming that the customs value was determined based on transaction value.
- b. the date of the B/L or AWB is exactly the same as or within thirty (30) days before or after the B/L or AWB of the imported goods being valued;
- c. the level of trading and quantity is the same as that of the imported goods being valued.

If more than one identical goods are available, the customs value shall be determined based on transaction value of the identical goods with the lowest value.

3. *Similar Goods (3rd Method)*

In the case that the customs value for the calculation of import duty cannot be determined based on the transaction value as intended in points (1) and (2), the customs value for the calculation of import duty shall be determined based on the transaction value of similar goods.

Two goods are deemed similar if both of them have the same physical characteristics and material components so that they can perform the same function and are exchangeable commercially, as well as:

- a. Being manufactured by the same manufacturer in the same country; or
- b. Being manufactured by another manufacturer in the same country.

As for identical goods, the following conditions must be fulfilled in order to apply the transaction value of similar goods as the customs value:

- a. the related PIB has been assessed by the Customs Authority according to the transaction value; the PIB referred to must fulfil the following conditions:
 - declared by an importer having a clear business field;
 - clearly states the description, specifications, and unit of goods; and
 - it was not declared by the same importer valuing the PIB, unless the PIB has been audited, confirming that the customs value was determined based on transaction value.
- b. the date of the B/L or AWB is the same as or within thirty (30) days before or after the B/L or AWB of the imported goods that are being valued;
- c. the level of trading and quantity is the same as that of the imported goods being valued.

If more than one similar goods is available, the customs value shall be determined based on the transaction value of the similar goods with the lowest value.

4. Deduction Method (4th Method)

In the case that the customs value for the calculation of import duty cannot be determined based on the transaction value as intended in points (1), (2), and (3), the customs value for the calculation of import duty shall be determined based on the deduction method.

The deduction method is a method for calculating the customs value of import goods based on the selling price of the import goods concerned, identical import goods or similar import goods in the market within the customs territory, minus costs or expenses incurred after importation such as commission or profits, transportation, insurance, import duty, and tax.

5. Computation Method (5th Method)

In the case that the customs value for the calculation of import duty cannot be determined based on the transaction value as intended in

points (1), (2), and (3) or the deduction method as intended in point (4), the customs value for the calculation of import duty shall be determined based on the computation method.

The computation method is a method used for calculating the customs value of import goods based on adding up the prices of raw materials, costs for the manufacturing process, and other costs/expenses up to the time the goods arrive at the port or place of import into the customs territory.

The computation method is applied only if the following conditions are met:

- The seller and buyer have a special relationship; and
- The producer agrees to provide information to the Customs Authority regarding the elements for formation of customs value and agrees to facilitate the Customs Authority for further audit, if necessary.

6. Repeating (Fallback) Method (6th Method)

In the case that the customs value for the calculation of import duty cannot be determined based on the transaction value as intended in points (1), (2), and (3), the deduction method as intended in point (4) or the computation method as intended in point (5), the customs value for the calculation of import duty shall be determined by using a fallback method. Fallback method is performed by repeating the principles and provisions as stipulated in points (1), (2), (3), (4) or (5) using fair and consistent procedures, flexibly and based on data available within the customs territory, with certain limitations.

C. Related-Party Transactions

The transaction value may not be accepted as the customs value if there is a “special relationship” between the seller and the buyer that influences the price of the goods such that the value is considered not in accordance with the arm’s-length principle.

A “special relationship” is deemed to exist between two parties in the following circumstances:

- They are officer or director of one another’s businesses;
- They are legally recognized partners in business;
- They are employer and employee;
- Any person directly or indirectly owns, controls, or holds 5% or more of the outstanding voting stock or shares of both of them;
- One of them directly or indirectly controls the other;

- Both of them are directly or indirectly controlled by the same third person;
- Both of them directly or indirectly together control another party;
- They are members of the same family.

There are two methods to check whether the special relationship influences the price or not, i.e.:

1. Fairness of Transaction / Arm's Length Price

The special relationship is considered as not influencing the price if the transaction is conducted at a fair price that is common in business practice. The pricing should be comparable to the pricing between non-related parties. A fair pricing normally refers to pricing commonly adopted in the market for similar transactions.

2. Test Value

Test Value means;

- a. Transaction value of identical goods or similar goods between non-related parties;
- b. Customs value of identical goods or similar goods which is determined using the deduction method; or
- c. Customs value of identical goods or similar goods which is determined using the computation method.

To check whether the special relationship influences the price, the customs value must be comparable to the test value:

- If the customs value stated in the PIB is the same as or less than 5% lower or higher than the customs value in the test value, then the relationship between seller and buyer shall be deemed as not affecting the price, such that the stated customs value shall be acceptable;
- If the customs value stated in the PIB is more than 5% lower than the customs value in the test value, the relationship between Seller and buyer shall be deemed as affecting the price, such that the customs value stated in the PIB is unacceptable.

D. Valuation Advice

The purposes of Valuation Advice is to help importers in calculating customs value and to make it easier for the DGCE to assess the customs value.

- Valuation Advice is issued to facilitate the customs assessment scheme to accelerate the release of imported goods from the Customs Area in the case where the customs value cannot be determined based on the transaction value, whereby the DGCE will

provide guidance on the costs and/or value to be added, reduced, or excluded from transaction value.

- Importers may request Valuation Advice (along with supporting documents) to the DGCE before submitting the customs declaration, the approval of which can be attached when submitting the import customs declaration. DGCE may request additional data or oral explanation before issuing the valuation advice.
- The valuation Advice is valid for three years from the issuance date as long as the import transaction condition is still relevant with the one listed in Valuation Advice.



Tariff Classification

A. Harmonized Commodity Description and Coding System (HS Code)

The HS Code of tariff nomenclature is an internationally standardized system of names and numbers for classifying traded products, which is developed and maintained by the World Customs Organization (WCO).

The international level of the HS Code is the first six (6) digits. In other words, goods imported into any country using the HS are classified under the same first six digits in their respective tariff codes. The first four (4) digits are referred to as the heading; the following two (2) digits indicate the subheading.

Individual countries may extend a Harmonized System number to eight (8) or ten (10) digits. However, Indonesia and other ASEAN countries have agreed to standardize the 8-digits HS Code for export-import matters

B. Most Favoured Nation (MFN) Tariff

Indonesian Tariff classifications are governed under Article 12 of the ICL. The Indonesian HS Code is determined based on the above International Harmonized System, and the HS Code is now extended to eight (8) digits.

Customs duty tariff depends on the HS Code of the imported goods as classified in the Indonesian Customs Tariff Book (BTKI – latest year 2017). Knowing the correct classification is essential, since the HS Code is one of the factors that determine the rate of customs duties and taxes, as well as the import/export requirements for the product.

C. Preferential Tariff

A preferential tariff rate is extended to partner countries that have signed Free Trade Agreements (FTA) and Economic Partnership Agreements (EPA) with each other. This means that customs duties for selected imported goods that originate from the FTA/EPA partner countries can be lower or totally eliminated. In most FTAs, third-country invoicing and back-to-back C/O are allowed. Currently, Indonesia has

preferential tariff arrangements in the following frameworks:

1. ASEAN Trade in Goods Agreement (ATIGA)

ATIGA is a preferential tariff based on the agreement between Indonesia and the ASEAN countries. This tariff is applicable for the import of goods from ASEAN countries into Indonesia.

In order to apply a preferential tariff under ATIGA, the importer should obtain a certificate of origin (C/O) in a Form D legalized by the Customs Authority of the country of origin (where the goods are produced/originated from). Generally, import duty tariffs for ATIGA range from 0% to 5%.

2. ASEAN-China FTA (ACFTA)

ACFTA is an agreement between ASEAN Countries to build a free trade area with China. China refers to the mainland area and excludes the special administrative regions (Hong Kong and Macau) and Taiwan.

This preferential tariff is applicable for goods imported from China and/or other ASEAN countries. In order to apply this tariff, the importer should obtain a C/O in a Form E legalized by the Customs Authority of the country of origin.

ASEAN and China have agreed to reduce the import duty tariff gradually in three phases, i.e.:

- i. Early Harvest Package (EHP): a tariff reduction program for certain products starting from 1 January 2004 and becoming 0% in 2006 (this program has been implemented in Indonesia).
- ii. Normal Track: a tariff reduction program which is effective from 1
- iii. July 2005 and will become 0% in 2012. Sensitive Track (Normal Sensitive and Highly Sensitive): a tariff reduction program which stipulates that the maximum tariff is 20% in 2012 and will be reduced gradually to 5% in 2018.

3. ASEAN-Korea FTA (AKFTA)

AKFTA is an agreement between ASEAN countries and the Republic of Korea to build the economic partnership between the countries.

This preferential tariff is applicable for goods imported from the Republic of Korea and/or other ASEAN countries. In order to apply this tariff, the importer should obtain a C/O in a Form AK legalized by the Customs Authority of the country of origin.

4. ASEAN-India FTA (AIFTA)

AIFTA is an agreement between ASEAN countries to build a free trade area with India.

Following the ratification of the AIFTA by all ASEAN Member States, the MoF has issued a regulation (MoF Regulation) which stipulates the preferential tariffs for the import into Indonesia. In order to apply the preferential tariff under AIFTA, the importer should obtain C/O in the Form AI legalized by the Customs Authority in the country of origin.

5. ASEAN- Australian and New Zealand FTA (AANZFTA)

AANZFTA is an agreement between ASEAN Countries to build a free trade area with Australia and New Zealand.

Following the ratification of the AANZFTA by all Member States, the MoF has issued a regulation (MoF Regulation) which stipulates the preferential tariffs for import into Indonesia. In order to apply the preferential tariff under AANZFTA, the importer should obtain C/O in the Form AANZ legalized by the Customs Authority in the country of origin.

6. Indonesia-Japan Economic Partnership Agreement (IJEPA)

IJEPA is an agreement between the governments of Indonesia and Japan to build the economic partnership between the two countries. The objective of IJEPA is to increase trade and investment in both countries. Further to the signing of IJEPA, the MoF has stipulated several implementing regulations (MoF Regulation) that specifically aim to reduce the import duty tariffs of certain goods imported into Indonesia from Japan. In order to apply this tariff, the importer should obtain a C/O in the Form IJEPA legalized by the Customs Authority of the country of origin.

7. Indonesia – Pakistan Preferential Trade Agreement (IPPTA)

IPPTA is an agreement between the governments of Indonesia and the Islamic Republic of Pakistan to strengthen their closer economic partnership that will bring economic and social benefits and improve the living standards of their people. Following the ratification of the IPPTA, the MoF has issued a regulation (MoF Regulation) which stipulates the preferential tariffs to reduce the import duty tariffs of certain goods imported into Indonesia from Pakistan.

In order to apply this tariff, the importer should obtain a C/O in

the form of IP legalized by the Customs Authority of the country of origin.

In December 2018, to pursue Indonesia Origin Declaration on the scheme of Generalised System of Preference (GSP), the Ministry of Trade issued a regulation regarding Registered Exporter (REX) and Certified Exporter (CEX). REX and CEX are new self-certification systems by exporters that will gradually replace the existing system to obtain certificate of origin by Ministry of Trade – IPSKA until year of 2020. REX is planned to replace Form A used for trading between Indonesia and Europe until 30 June 2020. As for CEX, it is planned to replace the Certificate of Origin Form for its respective country until the end of 2020.

REX is intended for GSP Scheme to the following 28 countries:

1. Austria
2. Belgium
3. Bulgaria
4. Croatia
5. Cyprus
6. Czech Republic
7. Denmark
8. Estonia
9. Finland
10. Germany
11. Hungary
12. Ireland
13. England
14. Italy
15. Latvia
16. Lithuania
17. Luxembourg
18. Malta
19. Netherlands
20. France
21. Poland
22. Portugal
23. Romania
24. Slovakia
25. Slovenia
26. Spain
27. Sweden
28. Greece

CEX will be needed for Trading Agreement in the following 4 (four) countries:

1. Philippine
2. Laos
3. Thailand
4. Vietnam

D. Pre-Entry Classification (Classification Ruling)

By request, the DGCE may determine the tariff classification of import goods before submission of the customs declaration form (PIB).



Import Facilities

A. Exemption and Relief

In general, the import duty facilities that may be provided are exemption or relief, which are governed under Articles 25 and 26 of the Indonesian Customs Law (ICL).

Exemption from import duty may be applied for the importation of the following items:

- a. goods of the (diplomatic) representative office of a foreign country and of its officials assigned in Indonesia, based on the reciprocal principle;
- b. goods for the needs of international organizations and of their officials assigned in Indonesia;
- c. scientific books;
- d. consigned goods in the form of donation/grant for public worship, charity, social purposes, cultural purposes, or mitigation of natural disasters;
- e. goods for the needs of museums, zoos, and other similar places open to the public, as well as goods for natural conservation;
- f. goods for scientific research and development;
- g. goods for special needs of the blind and other disabled people;
- h. weapons, ammunition, military equipment and police equipment, including components, for state defence and security purposes;
- i. goods and materials used for manufacturing goods for state defence and security purposes;
- j. sample goods not for commercial purposes;
- k. coffins or other containers containing corpses or corpse ash;
- l. personal effects;
- m. personal goods of passengers, crews of transportation vehicles, border crossers, and consignment goods up to the limits of customs value and/or certain quantity;
- n. medicines imported using the government budget for the public interest;
- o. goods exported for the purposes of repair, processing/finishing, and testing;
- p. goods previously exported and then re-imported in the same quality as at the time of export; and

- q. materials for human therapy, blood classification, and tissue identification.

Import duty exemption or relief may be granted on the importation of:

- a. goods and materials for the development and advancement of industry in the context of capital investment;
- b. machinery for the development and advancement of industry;
- c. goods and materials in the context of the development and advancement of industry for a certain period;
- d. equipment and materials used for preventing environmental pollution;
- e. seedlings and seeds for the development and advancement of agricultural, animal husbandry, or fishery industry;
- f. marine products caught with licensed catching facilities;
- g. goods that have experienced damage, decline in quality, destruction, or reduction of volume or weight because of natural causes between the moment of transportation into the customs territory and the moment of the granting of import approval;
- h. goods intended by the central government or a regional government for the public interest;
- i. goods for sports imported by national sports organizations;
- j. goods for government projects financed by foreign loan and/or grant; and
- k. goods and materials to be processed, assembled, or installed on other goods for the purpose of export.

Deferred Payment of Import Duty for Release of Imported Goods to be Used Using Guarantee (vooruitslag). This is a facility granted by the DGCE before the decision of exemption or relief is issued.

B. Temporary Importation

- Temporary importation is the importation of goods into the Indonesian customs territory that are intended to be re-exported within no longer than three (3) years. The temporarily imported goods are under supervision of the DGCE until they are re-exported.
- Temporarily imported goods may be granted import duty exemption or relief.

Import duty exemption may be given to the following goods:

- a. goods for exhibition purposes that are exhibited in places other than a bonded exhibition place;
- b. goods for the purposes of seminar or similar activity;
- c. goods for display or demonstration;

- d. goods for the needs of experts;
- e. goods for the purposes of research, education, science and culture;
- f. goods that are imported for competition in the field of sports;
- g. packaging that is used repeatedly for carrying import or export goods;
- h. goods for sample or model purposes.
- i. vehicle or carrier that is used personally by a foreign tourist;
- j. vehicle or carrier that enters through a border crossing area and whose use is irregular;
- k. goods for repair, reconditioning, testing, and calibration;
- l. live animals for public show, sports, competition, training, breeding, and handling of security disturbances;
- m. special equipment that is used for the handling of natural disasters, fires, and security disturbances;
- n. commercial ships that are imported by national commercial shipping companies;
- o. airplanes and airplane engines that are imported by national airlines;
- p. goods that are brought in by passengers and will be taken back abroad; and
- q. goods supporting government projects that are financed by foreign loans.

2. Relief of import duty may be applied to machinery and equipment for production purposes or working of infrastructure projects. With the relief facility under temporary importation, the import duty payable is 5% per month, maximum.

- To obtain these facilities, the importer shall submit an application letter to the DGCE through the Head of the Customs Office, except for Temporary Importation of Goods Belonging to Passengers.
- Imported goods may be approved to be released as goods under temporary importation if, at the time of importation, they fulfil the following requirements:
 - a. will not be entirely consumed;
 - b. the identity of the goods is clear;
 - c. during the temporary importation period, the essential form will not be altered, apart from wear due to use; and
 - d. supported by evidence showing that the goods will be re-exported.

3. ATA Carnet or CPD Carnet is international customs document for temporary importation which is accepted by the participating countries. Imported goods can be released as temporary imported goods using ATA Carnet. It is given for the following types of imported goods:

- intended to be re-exported within a certain period,
- goods for purpose of performing in exhibition or meeting,
- goods for professionals or experts,
- goods for the purposes of education, private traveller, sport and humanitarian purposes

The types of goods that are intended to be re-exported within a specific time period using the ATA Carnet are set in accordance with the prevailing laws and regulations in the destination country.

C. Master List Facility

Import of machinery, goods and materials done by a company that conducts development or expansion of industry in the context of industry or certain service industry can be granted import duty exemption. The import duty exemption facility for the import of machinery, goods and materials (Master List Facility) shall be issued by Indonesian Investment Coordinating Board (BKPM).

The list of industries providing services that can obtain import duty exemption is as follows:

- Tourism and Culture,
- Public Transportation / Communication,
- Public Health Services,
- Mining Services,
- Construction,
- Telecommunication Industry, and
- Port Services.

Expansion is defined as expansion of an existing company or factory, including increase, modernization, rehabilitation, and/or restructuring of production equipment including machinery for the purposes of increasing volume, type, and/or quality of products.

A company that has completed its development or expansion and is ready to produce can be granted exemption from import duty on the import of goods and materials for the needs of production, with certain conditions.

D. Facility for Certain Industries

For the purpose of fulfilling the supply of goods and/or services for the public interest and the improvement of competitiveness of certain national industries, the Indonesian Government usually offers facilities, i.e. import duty borne by the Government on the import of goods and materials to certain industry sectors.

Generally, the goods and materials that are facilitated are used to produce goods and/or to provide services with the following evaluation criteria:

- a. fulfilling the supply of goods and/or services for the public interest, consumed by the society at large, and/or protecting consumers' interests;
- b. improving competitiveness;
- c. increasing absorption of manpower; and
- d. increasing state revenues.

Goods and materials must fulfil the following provisions:

- a. not yet produced locally;
- b. already produced locally but not yet fulfilling the specifications required; or
- c. already produced locally but the volume is not sufficient to cover the industry's demands.

The Government provides this facility every year, taking into consideration the input from industry players. Hence, the regulations are normally valid for one (1) year and are usually renewed annually, and the type of industries eligible for this facility might be different from year to year.

By utilizing this facility of import duty borne by the government, these industrial sectors can reduce their import duty based on the budget for subsidies.

The Government has provided the facility to the following industry sectors:

1. Under the Director General for Chemical, Textiles and Miscellaneous Industrial sectors:
 - Plastic Packaging and Sacking,
 - Carpet Manufacturing,
 - Resin Manufacturing,
 - Writing Tools Manufacturing,

- Catalyst Manufacturing,
 - Neutralizing Waste Water Chemicals Manufacturing.
2. Under the Director General for Metal, Machinery, IT, and Transport Equipment Industrial sectors:
 - Modes of Transport Components Manufacturing,
 - Medical Devices Manufacturing,
 - Agricultural Equipment Manufacturing,
 - Electronics Manufacturing,
 - Smart Card Manufacturing,
 - Telecommunications Manufacturing.
 3. Animal feed manufacturers and pharmacy industries are also granted the facility of import duty borne by the Government.

Symbol	Price	Change	Volume	Other Data
SPIC	0.13	+8.33	431,522	20,300
	3.9	+2.63	5,221,600	0
	0	0.00	0	420
	29	0.00	14,400	108
	4.44	-0.45	24,300	2,703
	484	+0.83	5,600	2,442
	2.02	+1.00	1,220,900	418
	64.5	-0.77	6,400	29,881
	6.95	+1.46	4,319,600	8,894
			577,100	2,389

Bonded Storage

Bonded Storage is defined as a building, a site or a zone that meets certain requirements which is used for storage of goods for certain purposes and obtains customs facilities. Bonded Storage takes several forms, as described below.

A. Bonded Warehouse

A Bonded Warehouse is defined as a place of bonded storage to store imported goods, which may be accompanied with one or more activities such as packaging/ re-packaging, sorting, kitting, packing, adjustment, or cutting of certain goods within a certain period for later removal.

The imported goods or materials that are introduced into a bonded warehouse by an Entrepreneur in bonded warehouse may be granted facilities in the form of postponement of import duty, exemption from excise, and/or exemption of import taxes (VAT, LGST, and Art.22).

These facilities shall be provided to goods or materials introduced solely with the purpose of supporting industry (manufacturing) at other Indonesian customs territory or bonded zone, or for re-export.

The imported goods can be stored in a bonded warehouse for a maximum one year period from the date of importation.

Consumable goods or materials to be consumed in a bonded warehouse shall be subject to import duty and excise, and shall be assessed with VAT, LGST, and Art.22.

Type of License:

1. Confirmation of bonded warehouse area and license as Bonded Warehouse Operator (PGB): the license is valid for five years and extendable.
2. Confirmation of bonded warehouse area and the granting of license as PGB and as Bonded Warehouse Entrepreneur: the license is valid for three years and extendable.
3. License as Entrepreneur in Bonded Warehouse (PDGB) who also

acts as PGB: the license is valid for three years and extendable. An application is required to obtain each license, including the extension. Certain requirements must be fulfilled in obtaining the license.

B. Bonded Zone

- Bonded Zone is defined as a place of bonded storage to store imported goods and/or local supplies for production purposes with its output primarily for export purposes.
- Import of goods, entry of taxable goods, delivery of products, release of goods, re-delivery of taxable goods, lending of machinery, and entry of excisable goods to and/or from the bonded zone shall be granted facilities in the form of postponement of import duty, exemption from excise, and/or exemption of import taxes (VAT, LGST, and Art.22).

These facilities shall be provided to goods/materials entered into a bonded zone to be processed, assembled, or combined with the products produced in a bonded zone, or capital goods, including office equipment, to be used by an Entrepreneur in Bonded Zone (PDKB). Consumables are not facilitated in a bonded zone.

The threshold for local sales of products from a Bonded Zone has been changed from 25% to 50%, calculated based on the previous year's export realization/ sales to other Bonded Zones/ sales to free zones/ sales to other specified economic zones. For the local sale of products, the facility that was previously granted should be paid back ("clawback") to the Customs Authority.

Type of License:

1. Confirmation of certain area as bonded zone and license as Bonded Zone Operator (PKB).
2. Confirmation of certain area as bonded zone and license as PKB and Bonded Zone Entrepreneur.
3. License as Entrepreneur in Bonded Zone (PDKB) that also acts as PKB.

An application is required to obtain each license and there are requirements that must be fulfilled in obtaining the license. To obtain a bonded zone operator permit, bonded zone entrepreneur permit, or PDKB permit, a company must submit application to the Minister of Finance through the Customs regional office. The application is

submitted electronically through the Indonesia National Single Window portal integrated with the Online Single Submission system. Bonded zone license is valid until revoked.

Temporary Release

PDKB may temporarily release the goods and/or materials to overseas, other bonded stockpiling zone, free zone, other places within customs area, special economic zone, and other economic zones designated by the government. These facilities shall be conducted in the context of subcontract, repair, borrowing of capital goods for production purposes, testing or improvement of production quality, use of returnable packaging, exhibition, and other purposes with the approval of the Head of the Customs Office.

The release of goods from Bonded Zone to Other Places Within Customs Area (TLDDP) shall be subject to import duty, excise, and import taxes, the calculation base of which is mentioned in the below table:

Type of Tax	Calculation Base
Import Duty	<ul style="list-style-type: none"> • Customs value is based on the selling price of goods released from Bonded Zone to Other Places within Customs Area (TLDDP) • The classification is based on the classification of goods released from Bonded Zone to Other Places within Customs Area (TLDDP) • Imposition is determined at the time of customs declaration for use are registered
Excise	Based on the excise regulation
Import Taxes (PDRI)	Based on the selling price and tariff of goods released from Bonded Zone to Other Places within Customs Area (TLDDP)

The above calculation base to determine import duty, excise and import taxes may not be applied if the Bonded Zone has maintained a clear, measurable and consistent conversion method & sale and purchase transaction has occurred when entry of goods to the Bonded Zone.

Location for Bonded Zone:

- A Bonded Zone must be located at an Industrial Estate. The license is valid until the industrial business license and/or bonded zone license is revoked.
- Outside of an Industrial Estate, a Bonded Zone can only be located in a cultivation area and is intended for the following:
 - a. industry that uses material and/or whose production process requires a special location;
 - b. micro and small-scale industry; or
 - c. there is no industrial estate in a city/regency, or the available industrial estate has been occupied entirely.

Minimum area for a bonded zone located in a cultivation area is 10,000 m² within one wide connected area.

Confirmation of a bonded zone area and PKB license is valid for five years, and a bonded zone entrepreneur license is valid for three years. The licenses are extendable upon request of the license holder.

Subcontracts

A PDKB may subcontract and/or receive subcontract jobs for part of its manufacturing activities to and/or from other PDKB and/or industrial companies in other parts of the customs territory, except for preliminary inspection, sorting, final

inspection, or packing work. Subcontract work must be based on a subcontract agreement. A company that receives a subcontract job can add material related to the job. The additional material must be declared in the related customs declaration and specified in the subcontract agreement.

Loaned goods/ machinery or mouldings used in the subcontract work that are released to local entities should be backed by a guarantee to the customs office.

In the case that a PDKB performs the subcontract service for a company from other Indonesian customs territory, it must submit customs documents and a guarantee based on the prevailing regulations. The entry or exit of goods to/from other bonded zone or other Indonesian customs territory in the context of subcontract will be granted for a certain period and is entitled to deferment of import duty and/or exemption of VAT.

If the goods are not reintroduced into the bonded zone from which they were removed, the implications of this transaction are as follows:

- a. For imported goods, the bonded zone entrepreneur or operator must pay the import duty and taxes and will be subject to penalties in accordance with the prevailing regulations; and
- b. For goods that are not reintroduced into the bonded zone from which they were removed, the bonded zone entrepreneur or operator must issue a VAT Invoice and collect VAT based on the prevailing regulations.

C. Bonded Exhibition Area

A Bonded Exhibition Area (BEA) is defined as a place of bonded storage to store import goods for a certain period for exhibition purposes.

Goods that are introduced from outside the customs territory or from bonded storage to BEA will be granted:

- a. postponement of import duty, and/or
- b. exemption of taxes related to import.

Exhibition goods from local supplier to BEA are also entitled to exemption of VAT or LGST.

D. Duty Free Shop

A Duty Free Shop (DFS) is defined as a place of bonded storage to store imported and/or local goods to be sold to certain people.

The introduction of imported goods from outside the customs territory/ bonded warehouse to a DFS will be granted:

- 40 Indonesian Customs Guide 2015
- a. postponement of import duty, and/or
 - b. exemption of taxes related to import.

Goods that come from other Indonesian customs territory (local Supplier) to DFS are also entitled to exemption of VAT or LGST.

E. Bonded Auction Place

A Bonded Auction Place (BAP) is defined as a place of bonded storage to store imported goods for a certain period to be sold through auction.

The introduction of imported goods from outside the customs territory to a BAP will be granted:

- a. postponement of import duty, and/or

- b. exemption of taxes related to import.

If these goods are removed to other Indonesian customs territory to be used, the BAP Entrepreneur must pay import duty and taxes related to import.

Goods that come from other Indonesian customs territory (local supplier) to BAP are also entitled to exemption of VAT or LGST. Transfer of goods from BAP to other Indonesian customs territory shall be subject to VAT.

F. Bonded Recycling Zone

A Bonded Recycling Zone (BRZ) is defined as a place of bonded storage to store imported goods for a certain period which carries out the activity of recycling imported/local waste to become products with added value and higher economic value.

The introduction of goods from outside the customs territory or from bonded storage to a BRZ will be granted:

- a. postponement of import duty, and/or
- b. exemption of taxes related to import.

If goods produced by a BRZ Entrepreneur or Operator are removed to other Indonesian customs territory to be imported and used, the BRZ Entrepreneur shall pay import duty and taxes related to import.

Goods that come from bonded storage and from other Indonesian customs territory (local supplier) to BRZ are also entitled to exemption of VAT or LGST.

G. Bonded Logistics Center

A Bonded Logistics Center (PLB) is a place for Bonded Storage which may also conduct one or more simple activities that are not processing activities which generate new products that have a different nature, characteristics, and/or function from the original goods, within a certain period of time for later removal.

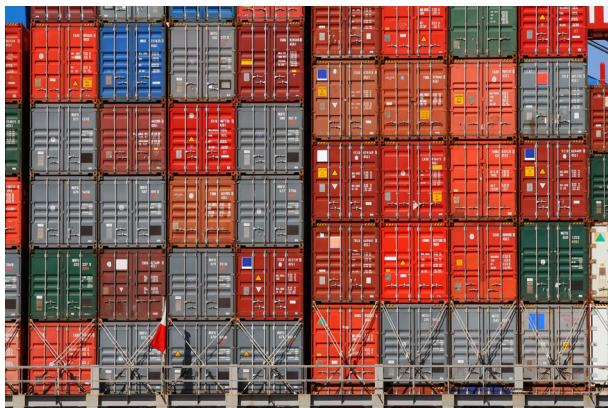
The purpose of the PLB is to provide flexibility to investors to take their supplies of raw material and/or supporting material. It is hoped that manufacturing companies can stockpile their commodities in Indonesia so they can be accessed more easily and cost-effectively.

The entry of goods from other places in the Indonesian customs

territory into a Bonded Logistics Center is granted exemption of VAT or VAT and Sales Tax on Luxury Goods for goods that are intended for export.

Goods which originate from outside the Indonesian customs territory and brought into a Bonded Logistic Center are granted facilities as follows:

- Postponement of import duty;
- Exemption of VAT, Sales Tax on Luxury Goods and Article 22 income tax on import;
- Exemption from excise duty; and
- Exemption of VAT or VAT and Sales Tax on Luxury Goods.
- Exemption of VAT and luxury sales tax also applies to goods entered from elsewhere in the customs territory and from special economic zones, free area, or other economic region to the PLB which are destined for export.



Import Duty Exemption or Restitution on Import of Goods and Materials to be Processed, Assembled, or Installed to Other Goods for the Purpose of Export.

A. Definition

Import Duty Exemption or Restitution on Import of Goods and Materials to be Processed, Assembled, or Installed to Other Goods for the Purpose of Export is defined as the granting of exemption or restitution of import duty for import of goods and/or materials to process, assemble, or be installed on other goods, the products of which are mainly intended for export.

B. Facilities

- Goods and/or materials of import origin to be processed, assembled or installed on other goods to be exported can be granted the facilities of import duty exemption or restitution (drawback).
- Import duty exemption shall be the import transaction from which the importer shall not pay import duty and VAT. However, under Import duty restitution, the importer shall pay the import duty and VAT after which it can apply for duty restitution upon export realization.
- Import duty exemption or restitution facilities shall not apply to the following goods:

- Imported goods that are consumed in the production process (i.e. gasoline, diesel fuel, etc.); and/or
- Supporting materials that are not integrated with the finished products.

C. Requirements and Procedures

To obtain the customs facility, a company shall obtain Company Master Number (NIPER) for Exemption or Restitution. The following are requirements in obtaining NIPER for Exemption or Restitution:

1. The Company must have an internal control system as evidenced by an Audit Report issued by an Independent Public Accountant in which the audit opinion must not be disclaimer or adverse.
2. The Company must possess a computerized inventory system (IT Inventory) for managing the goods. The IT inventory must also link to the customs documents and be accessible by the Directorate General of Customs and Excise as proven by a print screen and manual book on the IT Inventory system.
3. The enterprise's nature of business must be manufacturing, substantiated with a relevant business license along with the applicable amendments to the license.
4. The company must be able to show evidence of ownership or possession of a location for:
 - Production activities;
 - Place for raw materials stockpiling;
 - Place for production output stockpiling.
5. The Company must have a Business Registration Number (NIB) and a clear production plan with production flow, importation plan, exportation plan, list of raw material, list of production output, and list of subcontractors (if any).
6. The Company that obtains approval must put nameplates containing information of at least the company name and number of its NIPER for exemption or restitution in every stockpiling and factory location.
 - On import of raw materials, the company must submit the customs declaration and complete it with the NIPER for exemption or restitution in import the facility column of the PIB.
 - For import duty exemption, the company must provide a guarantee in an amount equivalent to the value of import duty in the PIB, prior to the clearance of the imported goods and/or material to be processed, assembled, or installed on other goods for export. The Guarantee shall be furnished to the Regional Office along with the PIB that will be used for removing the goods from the Customs Area or Bonded Zone. The Head of the Regional Office or designated official shall issue

a Guarantee Receipt (STT) as an attachment to the PIB, which shall be supplied electronically to the Customs Office clearing the imported goods/raw material.

- Clearance out of the Customs Area of imported goods and/or raw material securing Exemption shall be carried out using Goods Importation Notification (BC 2.4) by the company holding NIPER that processes by itself the manufactured goods made from the imported goods/raw material, and should enclose STT and SSPCP (Customs, Excise and Tax Payment Slip).

Application for Restitution Facility

- Submit an application to the Head of Regional Office or Main Customs Office (KPU) attaching form containing utilization of raw materials used in the products exported, import documents, payment evidences of import duty, export document, list of conversion of the raw materials.
- Restitution may be granted if the following requirements are fulfilled:
 - a. Products containing raw materials have already been exported;
 - b. Export of products is done within 12 months since the importation of the raw materials;
 - c. Import duty has already been paid;
 - d. Drawback application has been submitted, at least 6 months since the exportation of the products.

D. Export Realization

- The export of goods resulting from the production of imported goods and/or raw materials that were granted the import duty exemption is realized using an Export Declaration (PEB) and submitted by:
 - a. companies holding NIPER that directly export their own production; or
 - b. other companies, holding NIPER or not, whose goods are combined with production of the companies that hold NIPER.
- The export must be realized within a period of twelve (12) months, starting from the date of registration of PIB. However, if a company has a production period of more than twelve (12) months, an exception can be granted by the Head of the Regional Customs Office on behalf of the MoF. The Customs Office will perform physical check upon the export realization, the result of which is stated in a Customs and Excise Inspection Report (LPBC).
- Under the Exemption facility, production output can be delivered to other companies to be amalgamated with other products and then exported under the following requirements:

- a. The delivery must be made to a company which has obtained an exemption or restitution facility.
- b. The production outputs delivered to the other company are merely to be combined with other company's outputs and then exported as one unit product.

However, for the Restitution facility, the import duty restitution will only be granted when the realization of export of the relevant products has been completed.

E. Export Report

- A Company securing exemption of import duty shall be obliged to submit reports on raw material usage no later than 30 days after the exemption period has ended to the Regional Office. The company shall attach the following documents:
 - a. Approved customs declaration (PIB and SPPB)
 - b. Approved export declaration (PEB and NPE)
 - c. Export transaction document such as Purchase order, commercial invoice, payment settlement, etc.
 - d. Export inspection report from customs office.
- The above report submitted by the company shall be approved if it fulfils the following requirements:
 - a. the goods and/or material imported to be processed, assembled or installed on other goods have been exported;
 - b. export realization should have been done within twelve (12) months commencing from the import date, except for a company with production period longer than twelve (12) months that has secured an exception from the Head of Regional Customs Office on behalf of the MoF;
 - c. Conformity of conversion with amount of raw materials used, amount of production result reported, and remainder of production process.
 - d. the report has been accurately filled out and is accompanied by the required documents such as PIB, SPPB, PEB, NPE, etc.

Free Trade Zones (Batam, Bintan and Karimun Islands)

The Indonesian Government has stipulated that the Free Zones include the islands of Batam, Bintan, and Karimun, as well as the nearby small islands that have fulfilled the criteria to be designated as free trade and/ or free port zones.

A company that operates in a Free Zone is not required to register for VAT (non-PKP status).

The Free Zones provide several taxes and customs facilities, such as the following:

No.	Transaction	Taxable Goods or excisable goods	Intangible Taxable Goods and/or Services
1	Entry or utilization of goods or services from outside customs territory to Free Zones;	Exemption of import duty and VAT, Art.22 not collected, and/ or exemption of excise	Exempted from VAT
2	Within Free Zones	Exempted from VAT	Exempted from VAT

3	From Free Zone to another Free Zone	Exemption of import duty and VAT, Art.22 not collected, and/ or exemption of excise	Exempted from VAT
4	From Free Zone to other places within the customs territory (if the goods originates from outside customs territory)	Subject to import duty, VAT, and Art.22, and/or excise – to be paid by the party that removes the goods	Subject to VAT
5	From other places within the customs territory to Free Zone	VAT and/or excise not collected	VAT not collected (applied for certain services)
6	From Bonded Storage to Free Zone	Exemption of import duty and VAT, Art.22 not collected, and/ or exemption of excise	VAT not collected

7	From Free Zone to Bonded Storage	<ul style="list-style-type: none"> • If the goods originate from outside the customs territory: postponement of import duty, exemption of VAT and Art.22, and/or exemption from excise; • if the goods originate from a Free Zone or from within the customs territory: exemption of VAT and/or exemption of excise 	Subject to VAT
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The above facilities are applicable as long as the following conditions are met:

1. The company has obtained a business license from the Free Zone Oversight Agency (FZOA – Badan Pengawasan Kawasan);
2. The delivery of consumable goods from outside the customs territory to the Free Zone can only be done by a company that has obtained approval from the FZOA.



Special Economic Zone (Kawasan Ekonomi Khusus)

Special Economic Zone shall be a zone with certain borders within the territory of the Unified State of the Republic of Indonesia that is stipulated to conduct function of economy and obtain certain facilities.

Special Economic Zone main purposes are to support the development of national economy and the development of economy in certain regions as well as to increase the absorption of manpower. It is necessary to provide facilities and facilitation in the Special Economic Zone in taxation, customs and excise, flow of goods, manpower, land as well as licensing and non-licensing sectors.

Please see below list of main activities that are located in Special Economic Zone

No	Special Economic Zone	Type of main business
1	Sei Mangkei Special Economic Zone	<ol style="list-style-type: none">1. Managing and developing region2. Palm Oil industry3. Rubber processing industry4. Logistic5. Tourism
2	Tanjung Lesung Special Economic Zone	<ol style="list-style-type: none">1. Managing and developing region2. Tourism

3	Palu Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Nickel and Iron Ore processing industry 3. Cocoa processing industry 4. Seaweed industry 5. Rattan processing industry 6. Logistic
4	Bitung Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Coconut processing industry 3. Fishery processing industry 4. Pharmaceutical industry 5. Logistic
5	Morotai Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Fishery processing industry 3. Tourism 4. Logistic
6	Api-Api Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Logistic 3. Palm Oil processing industry 4. Rubber processing industry 5. Petrochemical industry 6. Energy
7	Mandalika Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Tourism
8	Maloy Batuta Trans Kalimantan Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Palm oil processing industry 3. Wood processing industry 4. Logistic
9	Tanjung Kelayang Special Economic Zone	<ol style="list-style-type: none"> 1. Managing and developing region 2. Tourism

10	Sorong Special	<ol style="list-style-type: none">1. Managing and developing region2. Nickel processing industry3. Palm oil processing industry4. Plantation industry
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Excise

Excise shall be a state levy imposed on certain goods having nature or characteristic stipulated in excise law.

Certain goods having the following characteristics shall be imposed with excise :

- Needing control in their consumption
- Needing supervision in their distribution
- Being potential to inflict negative impacts on communities and environment
- Needing the imposition of state levy on their use of justice an equilibrium

Excise is imposed on excisable goods consisting of :

- Ethyl Alcohol (EA)
- Drinks contain ethyl alcohol (MMEA)
- Concentrate contain ethyl alcohol (KMEA)
- Tobacco Products : cigarette, cigars, cigarette leaves, and Other Results of tobacco processing (HPTL), namely : tobacco extract and essence, tobacco molasses, snuff tobacco, chewing tobacco

Excise tariff of excisable goods

- Ethyl Alcohol (EA) : IDR 20,000 per liter
- Drinks Contain Ethyl Alcohol (MMEA) IDR per liter

Group	Grade of EA	Local	Import
A	Up to 5%	15,000	15,000
B	More than 5% up to 20%	33,000	44,000
C	More than 20%	80,000	139,000

- Drinks Contain Ethyl Alcohol (MMEA) IDR per liter

Group	Grade of EA	Local	Import
Ungrouped	Concentrate in solid and liquid form	1,000	1,000

- Drinks Contain Ethyl Alcohol (MMEA) IDR per liter

Order No.	Factory Entrepreneur		Limit of quantity of production of Factory
	Type	Group	
1	SKM	I	Exceeding 3 billion sticks
		II	Not exceeding 3 billion sticks
2	SPM	I	Exceeding 3 billion sticks
		II	Not exceeding 3 billion sticks
3	SKT or SPT	I	Exceeding 2 billion sticks
		II	Exceeding 500 million sticks but not exceeding 2 billion sticks
		III	Not exceeding 500 million sticks
4	SKTF or SPTF	Ungrouped	Without limit of the quantity of production
5	TIS	Ungrouped	Without limit of the quantity of production
6	KLM or KLB	Ungrouped	Without limit of the quantity of production
7	CRT	Ungrouped	Without limit of the quantity of production
8	HPTL	Ungrouped	Without limit of the quantity of production

Below are the Retail Selling Prices and Excise Tariffs of other results of Tobacco processing:

Order No	HPTL Products	Retail Minimum Selling Price	Unit	Excise Tariffs
1	Extracts and Essences Tobacco, in the form of;			57% (Fifty seven percent)
	a. stick	Rp 1.350,00 (one thousand three hundred and fifty rupiah)	Per stick	
	b. cartridge	Rp 30.000,00 (thirty thousand rupiah)	Per cartridge	
	c. capsule	Rp 1.350,00 (one thousand three hundred and fifty rupiah)	Per capsule	
	d. liquid	Rp 666,00 (six hundred and sixty six rupiah)	Per millimeter	
2	Molasses Tobacco	Rp 175,00 (one hundred and seventy five rupiah)	Per gram	
3	Snuff Tobacco	Rp 175,00 (one hundred and seventy five rupiah)	Per gram	
4	Chewing Tobacco	Rp 175,00 (one hundred and seventy five rupiah)	Per gram	

The limitation of Retail Selling Prices and Excise Tariffs for each stick or gram of Domestically-Made Tobacco Products are as follow:

Order No.	Group of tobacco products factory entrepreneur		Limit of retail selling price for each stick or gram	Excise tariffs for each stick or gram
	Types	Group		
1	SKM	I	The lowest of Rp 1.120,00	Rp 590,00
		II	Exceeding Rp 895,00	Rp 385,00
			The lowest of Rp 715,00 up to Rp 935,00	Rp 370,00
2	SPM	I	The Lowest of Rp 1.130,00	Rp 625,00
		II	Exceeding Rp 935,00	Rp 370,00
			The lowest of Rp 640,00 up to Rp 935,00	Rp 355,00
3	SKT or SPT	I	Exceeding Rp 1.260,00	Rp 365,00
			The lowest of Rp 890,00 up to Rp 1.260,00	Rp 290,00
		II	The lowest of Rp 470,00	Rp 180,00
		III	The lowest of Rp 400,00	Rp 100,00
4	SKTF or SPTF	Ungrouped	The lowest of Rp 1.120,00	Rp 590,00

5	TIS	Ungrouped	Exceeding Rp 275,00	Rp 30,00
			Exceeding Rp 180,00 up to Rp 275,00	Rp 25,00
			The lowest of Rp 55,00 up to Rp 180,00	Rp 10,00
6	KLB	Ungrouped	The lowest of Rp 290,00	Rp 30,00
7	KLM	Ungrouped	The lowest of Rp 200,00	Rp 25,00
8	CRT	Ungrouped	Exceeding Rp 198,000,00	Rp 110.000,00

The Excise Tariffs and Minimum Retail Selling Price of Imported Tobacco products are as follow:

Order No.	Type of Tobacco Products	Lowest limit of Retail Selling Price for each stick or gram	Excise Tariffs for each stick or gram
1	SKM	Rp 1.120,00	Rp 590,00
2	SPM	Rp 1.130,00	Rp 625,00
3	SKT or SPT	Rp 1.261,00	Rp 365,00
4	SKTF or SPTF	Rp 1.120,00	Rp 590,00
5	TIS	Rp 276,00	Rp 30,00
6	KLB	Rp 290,00	Rp 30,00
7	KLM	Rp 200,00	Rp 25,00
8	CRT	Rp 198,001,00	Rp 110.000,00

Export

A. Export in Brief

Any release of goods from the Indonesian customs territory shall be treated as an Export. Export of taxable goods/products is subject to VAT at 0%, while exports of products/commodities are not subject to export duty. However, to protect domestic products, exports of certain products are subject to export duty.

The calculation of export duty is as follows:

1. Ad valorem
Export Duty = tariff of export duty x standard export price x quantity x exchange rate
2. Specific
Export Duty = amount of export duty (stated in certain currency) x quantity x exchange rate

The tariff/amount of export duty is stipulated through the MoF Decree on a monthly basis. Exportation of goods from Indonesia must be declared to the Customs Office using a customs declaration form.

B. Export in Brief

- Export of taxable goods from Indonesia is subject to 0% VAT, and only certain commodities are subject to export duty.
- A common Export Declaration Form (PEB – Pemberitahuan Ekspor Barang) should be prepared by the exporting company to declare the goods to be exported to the relevant Customs Office, except for the following exports:
 - a. Passenger's belongings,
 - b. Transport facility crew's belongings,
 - c. Border crosser's belongings,
 - d. Packages exported through PT. Pos Indonesia weighing less than 100 kg.
- The exporter must prepare PEB upon the exportation of goods, and it should be accompanied by supporting documents, i.e. commercial invoice, AWB or B/L, P/L, insurance letter, etc. Revision of export declaration can normally be done before the shipment of the

exported goods, or no later than three (3) days after the shipment for liquid materials or one (1) month for other goods.

- The PEB should be submitted no earlier than seven (7) days before the exportation of goods and no later than the time of entry to the customs area. However, for bulk goods that are packed for transportation, the PEB may be submitted by the exporter to the Customs Office before the departure of the transportation.
- PEB for export of electrical power through power transmission lines or liquids or gases through pipelines shall be submitted periodically by the exporter to the Customs Office at the place of loading, no later than one (1) working day after the audit of the amount of exported goods delivered at the designated meter within the customs area.
- For goods subject to export duty, the exporter shall pay the export duty no later than the date the PEB is submitted. For export goods with certain characteristics, the exporter shall pay the export duty within sixty (60) days after the departure of the transportation vehicle.
- Exports that have been already been reported and received a PEB registration may be cancelled. The cancellation of export shall be reported in writing to the Customs Office no later than three (3) working days from the departure of the transportation vehicle.

C. Export Duty

- Export duty is aimed at guaranteeing the fulfilment of domestic needs, protecting natural resources, anticipating the significantly increasing flow of export commodities in the international market, and maintaining the stability of local market prices of certain commodities.
- The calculation of export duty is based on the export duty tariff and the corresponding Harmonized System (HS) Number. The maximum tariff of export duty is 60% of the export price. The MoF is authorized to stipulate goods/commodities that are subject to export duty. Currently, certain commodities are subject to export duty, e.g. CPO (crude palm oil), rattan, wood, leather, mineral ores, etc.
- The Customs Authority has the right to issue customs collection letters on the underpayment of export duty. The exporter shall pay any underpaid export duty and/or administrative penalty within 30 days from the date of the Collection Notice.

Deferral of Export Duty Payment

An exporter may be granted deferral of payment of underpaid export duty and/or administrative penalty for twelve (12) months from the payment due date. This payment deferral will be granted to exporters that fulfil the following requirements:

- the exporter has liquidity problems but is able to pay the underpaid export duty; and
- the exporter does not have any other customs, excise, administrative penalty and/or import tax payments outstanding.

This deferral is subject to 2% interest per month, calculated from the due date for payment of the export duty.



Customs & Excise Assessments and Dispute Resolution

A. Customs Assessments & Customs Audit

- The Customs Authority has the right to assess tariff classification and customs value within thirty (30) days after submission of a PIB. Underpayment of import duty resulting from customs valuation is subject to an administrative penalty of ranging between 100% and 1000%. If the customs duty tariff is 0% and the import duty underpayment is "nil," the penalty is IDR 5 million. There is no penalty for wrong tariff classification.
- The DGCE can also re-assess the customs value and tariff classification within two (2) years after submission of PIB. Normally, the assessment (SPKTNP) is issued after the DGCE conducts a customs audit. If, during an audit, the DGCE finds additional underpayment of import duty, such underpayment is also subject to an administrative penalty ranging between 100% and 1000%. If the customs duty tariff is 0% and the import duty underpayment is "nil," the penalty is IDR 5 million. There is no penalty for wrong tariff classification.
- The importer/ exporter must maintain the import/export documents for ten (10) years, and the Customs Authority has the right to examine such documents within the period before the statutory limitation has ended. If, during a customs audit, the Customs Auditor finds underpayment of customs/ exit duty due to wrong declaration of type of goods and/or quantity in an import and/or export declaration, the underpayment is subject to an administrative penalty ranging between 100% and 1000%.

B. Customs Objection

- A person that has an objection to a Customs Assessment may file a written objection to the DGCE within sixty (60) days since the date of customs stipulation letter (SPTNP, SPP and/or SPSA). Customs objections may be filed against the following types of assessments:
 1. tariff and/or customs valuation,
 2. imposition of administrative penalty, and
 3. other than tariff and/or classification assessments.
- A person who submits an objection letter, if the underpayment has not been paid, must provide a guarantee (e.g. bank guarantee) to the Customs Authority. The bank guarantee must be issued by a treasury bank (*Bank Devisa Persepsi*) and valid for a period of sixty (60) calendar days. The extension period of the bank guarantee is subject to approval from the DGCE.
- The DGCE must issue its decision within sixty (60) calendar days after the properly completed objection request is received. If the DGCE fails to issue the decision within this period, the objection shall be deemed as approved and the guarantee shall be released.

C. Customs Appeal

- A person that disagrees with a DGCE decision on the filed objection may file an appeal to the Tax Court within sixty (60) days after the date of the DGCE's decision.
- A person that disagrees with an assessment (SPKTNP) may file an appeal to the Tax Court within sixty (60) days after the date of the assessment.
- The underpayment amount should be fully settled before the appeal is filed with the Tax Court.
- The appeal request letter must be submitted with complete documentation, i.e. the letter is signed by the director of the company or a proxy with a special power of attorney, copies of the objection decision or SPKTNP, and the customs payment slip (SSPCP) are attached to the appeal letter, the letter is submitted to the Tax Court, and an official receipt is obtained from the secretary of the Tax Court.
- The hearing process will normally be finished within twelve (12) months; however, in some cases it may be extended.

Customs Penalties

Generally, penalties for underpayment of import duty and export duty range from 100% to 1000%, depending on the amount of underpayment. The table below shows the underpayment ranges and the associated penalty percentages.

% Underpayment of Import Duty	% of Penalty
> 0 - 25%	100%
> 25% - 50%	200%
> 50% - 75%	400%
> 75% - 100%	700%
> 100%	1000%

If the customs duty tariff is 0%, the penalty is IDR 5 million.

The above penalty may be imposed on the following circumstances:

1. Import duty underpayment as a result of customs value assessment by the Customs Authority (within thirty (30) days from the importation of goods);
2. Import duty underpayment as a result of customs value adjustment during a customs audit (post audit);
3. Import duty underpayment as a result of misreporting of type and/or quantity of goods in the PIB; or
4. Export duty underpayment as a result of misreporting of type and/or quantity of goods in the PEB.

Penalty on Customs Facility

The penalties for not fulfilling the requirements for customs facility (e.g. master list, import duty exemption or restitution (KITE), etc.) range from 100% to 500%, depending on the amount of underpayment. The table below shows the underpayment ranges and the associated penalty percentages.

% Underpayment of Import Duty	% of Penalty
> 0 - 20%	100%
> 20% - 40%	200%
> 40% - 60%	300%
> 60% - 80%	400%
> 80% - 100%	500%

Penalty on Customs Administration

Penalties for not fulfilling customs administrative requirements and certain other circumstances are as follows:

1. Penalty based on certain percentage (ranging from 10% to 100%) of import duty is imposed on the following circumstances:
 - Failure to meet deadline for payment of import duty;
 - Failure to re-export temporarily imported goods and/or failure to meet agreed deadline for re-export;
 - Entrepreneur of temporary stockpiling area (Tempat Penimbunan Sementara, TPS) who cannot account for the goods which should be at the aforementioned area; or
 - Entrepreneur in bonded zone (PDKB) who cannot account for the goods which should be inside the aforementioned bonded zone.
2. Penalty in a specified value (ranging from IDR 5 million to IDR 75,000,000) is imposed on the following circumstances:
 - Removing goods from bonded zone prior to the approval of Customs and Excise Officials;
 - Removing goods from customs area without permission from a Customs Officer;
 - Not reporting cancellation of export to Customs Authority,
 - Customs payer did not maintain bookkeeping and prepare financial statements;
 - Performed bookkeeping but did not meet required standard,
 - Customs payer prevents a Customs Officer from conducting an audit/inspection; or
 - Prohibits a Custom Officer from checking a building which may be used to store goods and/or does not maintain the supporting document related to the goods.

Customs Duty Refund and Interest Compensation

A. Customs Duty Refund

Customs duty refund may be granted for all or part of the customs duty paid on:

- a. Customs duty overpaid because of the assessment / re-assessment of tariffs and/or customs value by the Customs Authority;
- b. Customs duty overpaid because of administrative error;
- c. Import of goods receiving exemption/relief of import duty;
- d. Import of goods which for certain reasons must be re-exported or destroyed under the supervision of Customs and Excise Officials;
- e. Import of goods that have been granted import approval for use, in which it turns out that the actual quantity is lower than the quantity for which the import duty was paid or the goods are defective, different from the goods ordered, or of lower quality;
- f. Import of goods in bulk condition, given import approval without physical inspection (green lane), which are found to be of smaller quantity than the quantity for which the import duty was paid, with the provision that it must be supported by minutes of inspection certifying that the difference in the quantity is due to damage of goods, as well as recommendation in an audit result; or
- g. Customs duty overpaid as a result of a decision of an appellate institution (Tax Court).

B. Basis for Interest Compensation

Interest compensation will be given to the entitled person in the following cases:

- a. Delay in refund of import duty, export duty, excise, and/or administration sanction which is more than thirty (30) days from the issuance date of the Decision Letter for Import Duty Refund (Surat Keputusan Pengembalian Bea Masuk – SKPBM), Decision

Letter for Export Duty Refund (Surat Keputusan Pengembalian Bea Keluar – SKPBK), Decision Letter for Excise Refund (Surat Keputusan Pengembalian Cukai – SKPC), or Restitution Facility Payment Decision for Import Duty and/or Excise (Surat Keputusan Pembayaran Fasilitas Pengembalian Bea Masuk dan/atau Cukai-SKPPF BM-C);

- b. Delay in refund of import duty, export duty, excise, and/or administrative sanction due to Tax Court's Decision which is more than thirty (30) days after the Tax Court Verdict is received by the head of the Customs Office; or
- c. Delay in refund of cash guarantee which is more than thirty (30) days since the customs/excise objection was approved or deemed to be approved.

C. Interest Compensation Amount

The amount of interest compensation is 2% per month (maximum twenty-four (24) months) calculated from the value stated in SKPBM, SKPBK, SKPC, SKPPF BM-C or the value of cash guarantee refunded.



Incoterms

“Incoterms” stands for International Commercial Terms published by the International Chamber of Commerce (ICC). They are internationally recognized as standard in providing accepted definitions and rules of interpretation for most common commercial terms.

Incoterms represent a series of three-letter trade terms defining the responsibilities of seller and buyer in the shipping arrangement and the assignment of liability involved at each stage of the business setting, thus they help traders clarify the tasks, costs and risks involved in the delivery of goods. Meanwhile, Incoterms do not determine ownership or transfer title to the goods, nor evoke payment terms.

Incoterms rules are presented in two distinct classes:

A. Rules for Any Mode or Modes of Transport

Customs duty refund may be granted for all or part of the customs duty paid on:

- **EXW - Ex Works**
Seller delivers (without loading) the goods at disposal of buyer at seller's premises (e.g. factory, warehouse). Liabilities and risk resulting after the delivery of goods (e.g. up-loading, shipment, freight cost, etc.) are responsibilities of the buyer.
- **FCA - Free Carrier**
Seller delivers the goods to the carrier on the condition that most export formalities have already been cleared at the place designated by the buyer.
- **CPT - Carriage Paid To**
Seller delivers goods to the carrier at an agreed place, shifting risk to the buyer; however, seller must pay cost of carriage to the named place of destination.
- **CIP - Carriage and Insurance Paid To**
Seller delivers goods to the carrier at an agreed place, shifting risk to the buyer; however, seller pays cost of carriage to the named place of destination, including the insurance costs.
- **DAT - Delivered at Terminal**
Seller bears cost, risk and responsibility until goods are unloaded

(delivered) at named quay, warehouse, yard, or terminal at destination. Demurrage or detention charges may apply to seller and seller clears goods for export, not import.

- DAP - Delivered at Place
Seller bears cost, risk and responsibility for goods until made available to buyer at named place of destination.
- DDP - Delivered Duty Paid
Seller bears cost, risk and responsibility for cleared goods at named place of destination at buyer's disposal. Buyer is responsible for unloading and seller is responsible for import clearance, duties and taxes, so buyer is not "importer of record".

B. Rules for Sea and Inland Waterway Transport

- FAS - Free Alongside Ship
This means that risk passes to buyer, including payment of all transportation and insurance costs, once goods are delivered alongside the ship by the seller; however, the export clearance obligation rests with the seller.
- FOB - Free On Board
This means that risk passes to buyer, including payment of all transportation and insurance costs, once goods are delivered on board the ship by the seller.
- CFR - Cost and Freight
Seller delivers the goods and risk passes to buyer when the goods are on board the vessel. Seller arranges and pays cost and freight to the destination port.
- CIF - Cost, Insurance and Freight
This means that risk passes to buyer when the goods are delivered on board the ship. Seller arranges and pays cost and freight to the destination port, including the insurance costs.

Glossary

Organisation:	
ASEAN	Association of Southeast Asian Nations
BKPM	Indonesian Investment Coordinating Board
DGCE	Indonesian Directorate General of Customs and Excise
DGFT	Indonesian Directorate General of Foreign Trade
FZOA	Free Zone Oversight Agency
ICC	International Chamber of Commerce
MoF	Indonesian Ministry of Finance
MoT	Indonesian Ministry of Trade
WCO	World Customs Organization
Law and Regulation:	
ICL	Indonesian Customs Law
MoF Decree	Decree of the Minister of Finance
MoF Regulation	Regulation of the Minister of Finance
Form or Document:	
AWB	Airway Bill
B/L	Bill of Lading
BTKI	Indonesian Customs Tariff Book
C/O or SKA	Certificate of Origin
L/C	Letter of Credit
L/E	Export Report

LPBC	Customs and Excise Inspection Report
PEB	Customs Declaration for Exportation
PIB	Customs Declaration for Importation
P/L	Packing List
SPTNP	Decision Letter on Tariff Classification and Customs Valuations Assessment
SPKTNP	Decision Letter on Tariff Classification and Customs Valuations Re-assessment
SPP	Customs Decision Letter
SPSA	Decision Letter on Administrative Sanction
SKPBK	Decision Letter for Export Duty Refund
SKPBM	Decision Letter for Import Duty Refund
SKPC	Decision Letter for Excise Refund
SKFPF BM-C	Restitution Facility Payment Decision for Import Duty and/or Excise
SSPCP	Customs, Excise and Tax Payment Slip
STTJ	Guarantee Receipt
Status and Identification Number:	
API	Importer Identification Number
API-P	Producer Importer Identification Number
API-U	General Importer Identification Number
BAP	Bonded Auction Place
BEA	Bonded Exhibition Area
DFS	Duty Free Shop
DIPER	Company's Master Data
TLDDP	Other Indonesian Customs Territory
NIB	Business Registration Number
NIK	Customs Identification Number

NIPER	Company Master Number
PI	Import Approval
PDKB	Entrepreneur in Bonded Zone
PDGB	Entrepreneur in Bonded Warehouse
PGB	Bonded Warehouse Operator
PLB	Bonded Logistics Center
PKB	Bonded Zone Operator
PKP	Entity which is subject to Value Added Tax
PPJK	Customs Broker: a business entity that conducts customs compliance assistance for and on behalf of importer or exporter as proxy
TPS	Temporary Stockpiling Area
Customs and Taxation Terminology:	
AANZFTA	ASEAN–Australian and New Zealand Free Trade
ACFTA	ASEAN–China Free Trade Agreement
AIFTA	ASEAN–India Free Trade Agreement
AKFTA	ASEAN–Korea Free Trade Agreement
Art.22	Article 22 Income Tax on Importation
ATIGA	ASEAN Trade in Goods Agreement
CEPT	Common Effective Preferential Tariff
CIF	Cost, Insurance and Freight
EHP	Early Harvest Package under ACFTA
EPA	Economic Partnership Agreement
FTA	Free Trade Agreement
HS Code	Harmonized Commodity Description and Coding System
IJEPA	Indonesia–Japan Economic Partnership Agreement

IPPTA	Indonesia-Pakistan Preferential Tariff Agreement
KPU	Main Customs Office
LGST or PPnBM	Sales Tax on Luxury Goods
MFN	Most Favoured Nation – Customs Normal Tariff
VAT or PPN	Value Added Tax
Others:	
GTA	Global Trade Advisory
PMA	Foreign Investment Company
PMDN	Domestic Investment Company
PSC	Production Sharing Contract/ Contractor (entities or contractors in the field of energy, oil and natural gas which undertake business activities on the basis of a Production Sharing Contract with the Government of Indonesia)
ZEE	Indonesian Exclusive Economic Zone
SKM	Machine-Made Clove Cigarette
SPM	Machine-Made White Cigarette
SKT	Hand-Rolled Cigarette
SKTF	Hand-Rolled Filter Cigarette
SPT	Hand-Made Filter White Cigarette
KLM	Rhubarb Incense Cigarette
CRT	Cigar
KLB	Leaf or Corn Husk Cigarette
TIS	Tobacco Slice
HPTL	Other Results of Tobacco Processing

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Notes

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