



www.pwc.com/id

If you would like to be removed from this mailing list, please reply and write UNSUBSCRIBE in the subject line, or send an email to maria.purwaningsih@id.pwc.com.

© 2011 PT Prima Wahana Caraka. All rights reserved. In this document, "PwC" refers to PT Prima Wahana Caraka, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

DISCLAIMER: This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, KAP Tanudiredja, Wibisana & Rekan, PT Prima Wahana Caraka, or PT PricewaterhouseCoopers Indonesia Advisory, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

Significant Changes in Bonded Zone Implementation Regulation - Effective on 1 January 2012

The Minister of Finance ("MoF") has recently issued a new regulation (No. 147/PMK.04/2011) which relates to the use of Bonded Zones. It will take effect from 1 January 2012.

The new regulation only applies to Bonded Zones, and not to other types of Bonded Areas, such as:

1. Bonded Warehouses
2. Bonded Exhibition Venues
3. Duty Free Shops
4. Bonded Auctions
5. Bonded Recycling Areas

A separate new regulation deals with Bonded Warehouses and will be the subject of a separate Customs Newsflash. It is possible that more new regulations will issue soon dealing with other types of Bonded Areas.

In this Customs NewsFlash Volume 03/2011, we will focus only on MoF No. 147/PMK.04/2011, which is the new Bonded Zone implementation regulation.

Bonded Zone

Under MoF No. 147/PMK.04/2011, the definition of a Bonded Zone is a bonded area designated for the stockpiling of imported goods and/or goods sourced from other places within a customs area (*Tempat Lain Dalam Daerah Pabean*/"TLDDP") to be processed or "combined", where the finished products are mainly for export. The new Regulation sets out a number of changes to previous approaches to the use of Bonded Zones. An outline of the main changes, which apply from 1 January 2012, as follows:

Significant Changes

1. Prior to 1 January 2012, only capital goods and goods for further processed in a Bonded Zone could enjoy the Bonded Zone concession. Under the new Regulation, other goods originating from outside that Bonded Zone eg, imports, from other Bonded Zones and/or from within the Indonesian Customs area (“TLDPP”) can also enjoy the Bonded Zone concession provided that those goods will be combined with goods produced in the Bonded Zone.
2. Previously, the Regulations did not stipulate where a Bonded Zone should be located. Under the new Regulation, Bonded Zones must be located in industrial areas, subject to some limited exceptions e.g., where the Bonded Zone company uses materials and/or conducts a production process that needs a special location; is a micro and small scale industry; and/or there is no industrial area available where the Bonded Zone area activity can be conducted
3. Under the new Regulation, where the Bonded Zone company is located outside an industrial area, the Bonded Zone license is valid only for three years. If the Bonded Zone company is in an industrial area, the Bonded Zone license will remain valid throughout the duration of its business license.
4. The delivery of goods from a Bonded Zone Company to a company using the *KITE* facility (“*Kemudahan Impor Tujuan Ekspor*”) or the Import Facility for Export Purpose, will no longer be granted Import Duty and Excise exemptions under the new Regulations.
5. Delivery of goods from a Bonded Zone Company to a person* who enjoys Import Duty deferment or exemption and Excise exemption will in future only be granted deferment or exemption of Import Duty and Excise; however, VAT in respect of these deliveries must now be collected.
(*person = a legal entity or an individual)
6. The new Regulation imposes a new compliance requirement i.e., the Bonded Zone company must use Information Technology to manage its in-coming and out-going goods. The IT system must be available for access for audit purposes by Directorate General of Customs & Excise.
7. A very significant change under the new Regulation relates to the sale of products from the Bonded Zone to domestic customers. Under the previous regulation, domestic sales up to a maximum of 50% of the current year production value were permitted. Under the new Regulation, the permitted Domestic sales are now capped at a maximum of 25% of the export realization value in the previous year. If a Bonded Zone company exceeds the 25% limitation, then its domestic quota for the next year will be reduced. If it still exceeds the quota in the next year, its Bonded Zone license will be frozen for three months.
8. From 1 January 2012, changes have also been made by the new Regulation to the formula used for calculating the import duty and import taxes imposed on delivery to the domestic market. It is important to make arrangements for the new formula to be used in these calculations after 1 January 2012.

The new regulation about Bonded Zones includes a number of significant changes. Any company which currently enjoys the Bonded Zone concession needs to carefully consider the potential impact of the new Regulation and, where necessary, take action to ensure ongoing compliance with the new regulation, or consider changes to existing practices where necessary to continue to enjoy the Bonded Zone facility. Please contact any member of our Customs Team should you require assistance in reviewing the post 1 January 2012 impact of the new Regulation on an existing Bonded Zone company. There is now a limited time available to review that impact.

Your PwC Indonesia contacts

Jim McMillan
jim.f.mcmillan@id.pwc.com

Sri Kartika Sari
sri.kartika.sari@id.pwc.com

Enna Budiman
enna.budiman@id.pwc.com

Eka Hastuti
eka.hastuti@id.pwc.com

Henry Sucahyono
henry.sucahyono@id.pwc.com

Alexander Kalyman
alexander.kalyman@id.pwc.com