

## Changes on Annual Company Financial Reports Submission Obligation <sup>P1</sup>

### Changes on Annual Company Financial Reports Submission Obligation

The Ministry of Trade has issued regulation No.25 Year 2020 concerning Submission of Annual Company Financial Reports (*Laporan Keuangan Tahunan Perusahaan/LKTP*), which revoked the Decree of the Minister of Industry and Trade No. 121/MPP/Kep/2/2002 concerning the same issue. This new regulation is issued as an implementing regulation to Government Regulation No.24 Year 1998 (GR-24) as amended by Government Regulation No.64 Year 1999 on Company Annual Financial Information.

The following are highlights of the important provisions in this new regulation.

#### Who must submit LKTP?

This new regulation requires the following companies to submit a complete and valid LKTP to the Director General of Domestic Trade of the Minister of Trade:

1. Limited Liability Companies (*Perseroan Terbatas*) which meet one of the following criteria:
  - a. Public companies;
  - b. Companies operating within a business sector relating to the allocation of public funds (*pengerahan dana masyarakat*);
  - c. Companies issuing acknowledgments of indebtedness (*surat pengakuan utang*);
  - d. Companies owning assets with a minimum value of IDR 25 billion; or
  - e. Debtors which are required by banks to audit their annual reports.
2. Foreign companies which are located and conduct their business activities within Indonesian jurisdiction including branch offices, subsidiaries, agents and representatives and which can enter into agreements; or
3. PERSERO, PERUM and regional companies.

Unlike the revoked decree, and consistent with GR-24, this new regulation also further elaborates that an LKTP must be submitted by branch offices, subsidiaries, agents and representative of foreign companies which are located and conduct business activities within Indonesian and can enter into agreements as parties. This implies that foreign investment (*Penanaman*

*Modal Asing*) companies as subsidiaries of foreign companies falls under this criterion and therefore must submit the LKTP regardless of the value of their assets.

### **What to submit?**

Companies must submit an LKTP which meet the following requirements:

1. It must include at least the following information:
  - a. Balance Sheet or other report which describes the company's financial position;
  - b. Statement of income or other report which describes the company's financial performance;
  - c. Statement of change in equity;
  - d. Cashflow statement; and
  - e. Notes to the financial statement which at least outline information on debts and receivables including bank loans and capital investment in other companies.
2. It must have been audited by a public accountant; and
3. It must have been authorised by a general meeting of shareholders (*Rapat Umum Pemegang Saham*) or other authorised body based on rules and regulation.

Company financial information sourced from a submitted LKTP is considered as a public document which can be accessed by the public based on a written request.

### **When to submit?**

An LKTP must be submitted within six months of the end of the relevant accounting year.

### **How to submit?**

In support of the government's effort shift to online and digital platforms, under this new regulation, the LKTP must now be submitted online via the Integrated Licensing Information System (*Sistem Informasi Perizinan Terpadu/SIPT*) portal. Companies which have secured a Business Identification Number (*Nomor Induk Berusaha*) can access the portal using the usernames and passwords that they obtained when the companies activate their Online Single Submission accounts.

Companies must complete company profiles and submit the LKTP in PDF files.

In the event of *force majeure* which cause damage or malfunction to SIPT for more than 24 hours, the LKTP can be submitted manually or through electronic mail to the Directorate of Business then the submission of LKTP may be completed manually or via emails which are sent to the Directorate of Business Development and Distribution Performers (*Direktorat Bina Usaha dan Pelaku Distribusi*).

A receipt (*Surat Tanda Penyampaian Laporan Keuangan Tahunan Perusahaan/STPLKTP*) will be issued within five days of submission of a complete and correct LKTP.

### **Exemption**

Companies does not need to submit the LKTP to Director General of Domestic Trade if they have submitted their LKTP to the following parties:

1. Other regulatory bodies;
2. Other authorities which regulate submission of financial reports e.g. financial services authorities;

3. The Minister of State-Owned Enterprises; and/or
4. The Minister of Finance.

In this case, proof of submission to such other authorities must be submitted to the Director General of Domestic Trade via the SIPT portal.

### Sanction

Failure to comply with the requirements under this new regulation will be subject to the following sanctions:

|   |  |
|---|--|
| Failure to submit LKTP                    | <ul style="list-style-type: none"> <li>• Written warnings;</li> <li>• Revocation of business licence and or operational/commercial licence, for businesses operating within the trade sector; and/or</li> <li>• Recommendation to revoke a business licence and/or operational/commercial licence, for non-trade sector businesses.</li> </ul>                                   |
| Failure to submit complete and valid LKTP | <ul style="list-style-type: none"> <li>• Written warnings;</li> <li>• Revocation of STPLKTP;</li> <li>• Revocation of business licence and or operational/commercial licence, for businesses operating within the trade sector; and/or</li> <li>• Recommendation to revoke a business licence and/or operational/commercial licence, for non-trade sector businesses.</li> </ul> |

This new regulation is effective from 19 March 2020.

Please reach out to your usual contact at PwC if you would like to discuss any issue with respect to this new regulation.

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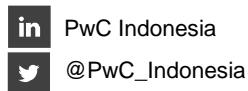
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