AUTHORIZED TRANSLATION

REGULATION OF THE MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA NUMBER: 75/M-DAG/PER/12/2013 REGARDING PROVISIONS ON IMPORT OF NON NEW CAPITAL GOODS BY THE GRACE OF ALLAH THE ONE SUPREME GOD the MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA

- Considering : a. that the effectiveness term of the Regulation of the Minister of Trade Number 48/M-DAG/PER/12/2011 regarding Provisions on Import of Non New Capital Goods as already amended by the Regulation of Minister of Trade Number 77/M-DAG/PER/12/2012 will expire on December 31, 2013;
 - b. that the availability of the non new capital goods required for the industrial production process need hitherto could not yet be fulfilled from the domestic source, therefore there should be addition from the foreign source;
 - c. that based on the considerations as referred to in items a and b, it is necessary to continue the policy in import sector for Non-New Capital Goods;
 - d. that in this respect, it is necessary to stipulate the Regulation of Minister of Trade regarding Provisions on Import of Non-New Capital Goods;
- In view of : 1. Bedrijfsreglementrings Ordonnantie 1934 (Staatsblad 1938 No. 86);
 - Law Number 3 of 1982 regarding Company Register (State Gazette of the Republic of Indonesia of 1982 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 3214);
 - Law Number 5 of 1984 regarding Industry (State Gazette of the Republic of Indonesia of 1984 Number 22, Supplement to State

Gazette of the Republic of Indonesia Number 3274);

- Law Number 10 of 1995 regarding Customs (State Gazette of the Republic of Indonesia of 1995 Number 75, Supplement Number 3612) as already amended by the Law Number 17 of 2006 (State Gazette of the Republic of Indonesia of 2006 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 4661);
- 5. Law Number 36 of 2000 regarding Stipulation of Government Regulation in Lieu of the Law Number 1 of 2000 regarding Free Trade and Free Port Area to become Law (State Gazette of the Republic of Indonesia of 2000 Number 251, Supplement to State Gazette of the Republic of Indonesia Number 4053) as already amended by the Law Number 44 of 2007 (State Gazette of the Republic of Indonesia of 2007 Number 130, Supplement to State Gazette of the Republic of Indonesia Number 4775);
- Law of the Republic of Indonesia Number 25 of 2007 regarding Investment (State Gazette of the Republic of Indonesia of 2007 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 4724);
- Law Number 39 of 2008 regarding State Ministry (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to State Gazette of the Republic of Indonesia Number 4916);
- Law Number 25 of 2009 regarding Public Service (State Gazette of the Republic of Indonesia of 2009 Number 112, Supplement to State Gazette of the Republic of Indonesia Number 5038);
- Law Number 32 of 2009 regarding Environmental Protection and Management (State Gazette of the Republic of Indonesia of 2009 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 5059);
- Law Number 36 of 2009 regarding Health (State Gazette of the Republic of Indonesia of 2009 Number 144, Supplement to State Gazette of the Republic of Indonesia Number 5063);
- 11. Government Regulation Number 17 of 1986 regarding Authority

of Regulation, Building and Development of Industry (State Gazette of the Republic of Indonesia of 1986 Number 23, Supplement to State Gazette of the Republic of Indonesia Number 3330);

- Government Regulation Number 13 of 1995 regarding Industrial Business Permit (State Gazette of the Republic of Indonesia of 1995 Number 25, Supplement to State Gazette of the Republic of Indonesia Number 3596);
- Government Regulation of the Republic of Indonesia Number 72 of 1998 regarding Safeguarding of Pharmaceutical Preparation and Medical Devices (State Gazette of the Republic of Indonesia of 1998 Number 138, Supplement to State Gazette of the Republic of Indonesia Number 3781);
- Government Regulation Number 33 of 2007 regarding Pengion Radiation Safety and Radioactive Source Security (State Gazette of the Republic of Indonesia of 2007 Number 74, Supplement to State Gazette of the Republic of Indonesia Number 4730);
- Government Regulation Number 29 of 2008 regarding Pengion and Nuclear Material Radiation Utilization Permit (State Gazette of the Republic of Indonesia of 2008 Number 54, Supplement to State Gazette of the Republic of Indonesia Number 4839);
- Decree of the President Number 260 of 1967 regarding Confirmation of Tasks and Responsibilities of the Minister of Trade in Foreign Trade Sector;
- Decree of the President of the Republic of Indonesia Number 84/P of 2009 regarding Establishment of Indonesia Bersatu Cabinet II as already amended by the Regulation of the President Number 59/P of 2011;
- Regulation of the President Number 47 of 2009 regarding Establishment and Organization of State Ministers as already amended several times, recently by the Regulation of the President Number 55 of 2013;

- Regulation of the President Number 24 of 2010 regarding Position, Task and Function of State Ministers as well as Organizational Composition, Task and Function of Echelon I of State Ministries as already amended several times, recently by the Regulation of the President Number 56 of 2013;
- Decree of the Minister of Finance Number 291/KMK.05/1997 regarding Bonded Zone, as already amended several times, recently by the Regulation of Minister of Finance Number 101/PMK.04/2005;
- Decree of the Minister of Finance Number 20/PMK.010/2005 regarding Exemption of Import Duty and Tax Exemption for Goods Import Based on Oil and Gas Production Sharing Contract;
- 22. Regulation of the Minister of Industry and Trade Number 12/M-DAG/PER/3/2009 regarding Delegation of Authority to Issue Permit in Foreign Trade Sector to Free Trade and Free Port Area Management Board Batam, Free Trade and Free Port Area Management Board Bintan and Free Trade and Free Port Area Management Board Karimun;
- Regulation of the Minister of Trade of the Republic of Indonesia Number 54/M-DAG/PER/10/2009 regarding General Provisions in Import Sector;
- Regulation of the Minister of Trade Number 31/M-DAG/PER/7/2010 regarding Organization and Work System of the Ministry of Trade as already amended by the Regulation of Minister of Trade Number 57/M-DAG/PER/8/2012;
- Regulation of the Minister of Health Number 1190/MENKES/PER/VIII/2010 regarding Circulation Permit of Medical Appliances and Domestic Medical Supplies;
- Regulation of the Minister of Finance Number 142/PMK.04/2011 regarding Temporary Import;
- 27. Regulation of the Minister of Finance Number 147/PMK.05/1997 regarding Bonded Zone, as already amended several times,

recently by the Regulation of Minister of Finance Number 44/PMK.04/2012;

28. Regulation of the Minister Trade Number 27/Mof DAG/PER/5/2012 regarding Provisions on Importer Identity Number (API) as already amended several times recently by the Regulation of Ministry of Trade Number 84/M-DAG/PER/12/2012;

HAS DECIDED:

To stipulate : REGULATION OF MINISTER OF TRADE REGARDING PROVISION OF IMPORT OF NON NEW CAPITAL GOODS.

Article 1

In this Regulation of Minister, by:

- 1. Non-New Capital Goods shall mean the goods as business capital or to produce something, that are still eligible to be used or reconditioned, remanufactured, re-functioned and not a scrap.
- Direct User Company shall mean a company already having a business permit to import the Non-New Capital Goods for its production process or used by the company itself for other purposes not in the production process as well as cannot be sold and transferred.
- Reconditioning Company shall mean a company already having a reconditioning industrial business permit to process the Non-New Capital Goods into a final product for export or fulfill the order of user in the home country.
- 4. Remanufacturing Company shall mean a company already having a remanufacturing industrial business permit (included in KBLI 28240) to process the non-new heavy equipment component into a final product with technical specification on new product basis and guaranteed by the brand holder for export and/or fulfill the order of the Direct User Company in the home country.

- Medical Appliances Supplier Company shall mean a company already having business permit to be able to import the Non-New Capital Goods containing the pengion radiation source in the interest of medical service.
- 6. Business Permit shall mean the permit issued to the industry/company to run business issued by the competent authority according to the provisions in the prevailing legislation.
- 7. Circulation Permit shall mean the permit issued to the company for medical appliances product or domestic medical supplies, that will be imported, used and/or circulated in the territory of the Republic of Indonesia, based on the assessment to quality, security, and expedience.
- Import Approval shall mean letter of approval to import the Non-New Capital Goods.
- Surveyor shall mean the survey company obtaining the authority to carry out the technical Inspection of import of Non-New Capital Goods.
- Bonded Zone Provider shall mean the legal entity carrying out the activity to provide and manage an area for Bonded Zone management activity.
- Custom Office shall mean office within Directorate General of Customs and Excises where the obligations of the customs are met pursuant to Law of Customs and Duty
- 12. Minister shall mean the minister of trade.
- Director General shall mean the Director General of Foreign Trade, Ministry of Trade.
- 14. Director shall mean the Director for Import, Directorate General of Foreign Trade, Ministry of Trade.

Article 2

(1) Non-New Capital Goods that can be imported covers the goods according to Tariff head/HS contained in the Appendix forming integral part hereof.

- (2) Non-New Capital Goods as referred to in paragraph (1) can only be imported by:
 - a. Direct User Company;
 - b. Reconditioning Company;
 - c. Remanufacturing Company; and/or
 - d. Medical Appliances Supplier Company.

Article 3

The import of Non-New Capital Goods can only be made by the company as referred to in Article 2 paragraph 2 already obtaining the Approval of Import from the Director.

- (1) The Direct User company as referred to in Article 2 paragraph 2 item a intending to import the Non-New Capital Goods shall submit the application for Import Approval in writing to the Director by attaching the requirements:
 - a. photocopy of Business Permit issued to the other company to run business activity issued by the competent authority according to the provisions in the legislation;
 - b. photocopy of Importer Identity Number (API); and
 - c. photocopy of the Taxpayer Reference Number (NPWP).
- (2) The Reconditioning Company as referred to in Article 2 paragraph 2 item b intending to import the Non-New Capital Goods shall submit the application for Import Approval in writing to the Director by attaching the requirements:
 - a. photocopy of the reconditioning Industrial Business Permit issued by the competent authority according to the provisions in the legislation;
 - b. photocopy of Importer Identity Number (API);
 - c. photocopy of the Taxpayer Reference Number (NPWP);
 - d. evidence of reconditioning repair station ownership;
 - e. photocopy of Surveyor's Report (LHS) on technical

feasibility of restoration and improvement service business including machine, equipment facilities and after-sale service capability; and

- f. Recommendations from the Ministry of Industry;
- (3) The Remanufacturing Company as referred to in Article 2 paragraph 2 item c intending to import the Non-New Capital Goods shall submit the application for Import Approval in writing to the Director by attaching the requirements:
 - a. photocopy of the remanufacturing Industrial Business Permit issued by the competent authority according to the provisions in the legislation;
 - b. photocopy of Importer Identity Number (API);
 - c. photocopy of the Taxpayer Reference Number (NPWP);
 - d. evidence of remanufacturing repair station ownership;
 - e. letter of appointment from the brand holder company;
 - f. photocopy of Surveyor's Report on technical feasibility of restoration and improvement service business including machine, equipment facilities and after-sale service capability;
 - g. Recommendations from the Ministry of Industry;
- (4) The Medical Appliances Supplier Company as referred to in Article 2 paragraph 2 item d intending to import the Non-New Capital Goods shall submit the application for Import Approval in writing to the Director by attaching the requirements:
 - a. photocopy of Business Permit issued by the competent authority according to the provisions in the legislation;
 - b. photocopy of General Importer Identity Number (API-U);
 - c. photocopy of the Taxpayer Reference Number (NPWP);
 - d. photocopy of Circulation Permit from the Ministry of Health; and
 - e. Recommendation of Nuclear Supervisory Board (BAPETEN).

Article 5

- (1) Director General may assign the Examiner Team to carry out the field examination to identify the truth of document as referred to in Article 4.
- (2) The examination as referred to in paragraph (1) shall be made for maximum 3 (three) business days as of the receipt date of complete application.
- (3) The Examiner Team as referred to in paragraph (1) shall consist of the State designated by the Director General.

Article 6

- The Director shall issue the Import Approval within not later than 5 (five) business days as of the receipt date of the complete and correct application as referred to in Article 4.
- (2) In case the application as referred to in Article 4 is incomplete and incorrect, the Director shall submit the denial to issue of Import Approval within not later than 5 (five) business days furnished with the reason of denial.

Article 7

The Import Approval shall be effective for maximum 12 (twelve) months as of the issue date of the Import Approval and may be subjected to renewal for once.

- (1) The Company as referred to in Article 2(2) already obtaining Import Approval of Non-New Capital Goods shall submit the monthly written report on realization to the Director, within not later than the 15th day of the subsequent month.
- (2) The submission of report as referred to in paragraph (1) shall be made in case of import is realized or not.
- (3) The report as referred to in paragraph (1) shall be submitted

through <u>http://inatrade.kemendag.go.id</u>. with carbon copy to the relevant technical agency.

- (1) The import of Non-New Capital Goods by the company as referred to in Article 2 paragraph 2 shall firstly be subjected to technical Inspection by the Surveyor in the country of origin of the goods loading.
- (2) The technical inspection of Non New Capital Goods as referred to in paragraph (1) shall cover:
 - a. use feasibility, i.e. feasible for use, repair and/or re-operable;
 - b. technical specification together with the goods classification according to Head Tariff/HS 10 (ten) digits;
 - c. total and value; and
 - d. age for Non-New Capital Goods of which the import limit age is determined;
- (3) The result of technical Inspection by the Surveyor to the Non New Capital Goods as referred to in paragraph (2) shall be contained in the Certificate of Inspection stating:
 - a. use feasibility, i.e. feasible for use, repair and/or re-operable;
 - b. not scrap.
 - c. technical specification;
 - d. information on quantity and value;
 - e. loading port and port of destination; and
 - f. age for Non-New Capital Goods of which the import limit age is determined;
- (4) The Certificate of Inspection as referred to in paragraph (3) shall be used as the customs complementary document in the customs settlement in import sector.
- (5) All costs for technical examination made by the Surveyor as referred to in paragraph (1) shall be borne by the company as referred to in Article 2 paragraph (2).
- (6) the Surveyor shall be responsible for the Certificate of

Inspection already issued.

Article 10

The provisions on technical inspection of import as referred to in Article 9 shall not apply to:

- a. Temporary import goods; and
- Import goods with lease status by the Contractor of Oil and Gas Joint Operation Contract (K3S).

Article 11

- (1) The technical inspection to the Non New Capital Goods import as referred to in Article 9 shall be made by the Surveyor stipulated by the Minister.
- (2) The stipulated surveyor as referred to in paragraph (1) shall fulfill the following requirements:
 - a. Having Survey Service Business Permit (SIUJS);
 - b. Having experience as Surveyor for minimum 5 (five) years;
 - c. Having branch or representative and/or affiliate overseas and having network to support the technical inspection service effectiveness proven by the cooperation agreement legalized by the Notary Public of the relevant state; and
 - d. Having track records in import verification activity management sector;

- (1) The surveyor shall submit the monthly written report on the technical inspection of Non-New Capital Goods import to the Director within not later than the 15th (fifteenth) of the subsequent month.
- (2) The surveyor shall submit the monthly written report on the technical inspection of Non-New Capital Goods import to the Director within not later than the 15th (fifteenth) of the

subsequent month through <u>http://inatrade.kemendag.go.id</u>. with carbon copy to the relevant technical agency.

Article 13

- The Non-New Capital Goods as referred to in Article 2 paragraph (1) included in Tariff head/HS 84, 85, 88, 8901, 8902, 8903, 8904 and 8905 contained in Appendix hereto shall have age of more than 20 (twenty) years.
- (2) The Non-New Capital Goods in Tariff head/HS 84, 85, 88, 8901, 8902, 8903, 8904 and 8905 contained in Appendix hereto having age of more than 20 (twenty) years shall obtain recommendation from the Ministry of Industry.
- (3) The Non-New Capital Goods in Tariff head/HS 88 contained in Appendix hereto having age of more than 20 (twenty) years shall obtain recommendation from the Ministry of Transportation.

Article 14

- (1) The Non-New Capital Goods as referred to in Article 2 paragraph (1) included in Tariff head/HS 88 and 89 contained in Appendix hereto shall be exempted from the provision on technical Inspection as referred to in Article 9.
- (2) The technical specification for the Non-New Capital Goods included in Tariff head/HS 88 and 89 shall be stipulated by the Minister of Transportation based on the provisions in the legislation and procedure applicable for the civil aircraft and vessel.

Article 15

(1) To develop the export, increase the business competitiveness, business efficiency, investment, industrial relocation activity (factory movement (bedol)), infrastructure development, and/or for export purpose, the approval of Non-New Capital Goods excluded in Appendix hereto can be issued by the Director General for and on behalf of the Minister.

- (2) The Non-New Capital Goods excluded in Appendix hereto imported in limited number can be considered to obtain Import Approval from the Director General after obtaining recommendation from the competent agency according to the legislation.
- (3) The obtain the Approval of Import as referred to in paragraphs
 (1) and (2), the company shall submit the application to the Director General for and on behalf of the Minister and shall fulfill the requirements as referred to in Article 3 paragraphs (1), (2),
 (3) or (4) as well as obtaining the recommendation from the competent agency according to the legislation.

- (1) The Non-New Capital Goods as referred to in Article 2 paragraph (1) imported to the Bonded Zone shall be exempted from the provisions on Approval of Import as referred to in Article 3 and technical examination as referred to in Article 9.
- (2) The Non-New Capital Goods from import already used in the Bonded Zone and Free Trade Area and Free Port for more than 2 (two) years can be transferred or sold to the other company in Other Place in the Customs Area.
- (3) The Non-New Capital Goods transferred or sold as referred to in paragraph (2):
 - a. shall be subjected to the technical inspection by the Surveyor on the use feasibility and technical specification of the Non-New Capital Goods in the location of Bonded Zone and Free Trade Area and Free Port;
 - b. requiring no approval of import; and
 - c. its issue shall be according to the legislation.
- (4) The transfer of goods as referred to in paragraph (3) shall be made through the Minutes signed by the Head of Customs

Office and Chairman of Bonded Zone and Free Trade Area and Free Port Management Board supervising and its carbon copy shall be submitted to the Director General.

(5) If the result of technical inspection as referred to in paragraph(3) fails to meet the provisions as referred to in Article 9(3), the issue of goods as referred to in paragraph (2) shall be in accordance with the legislation.

- The Non-New Capital Goods as referred to in Article 2 paragraph (1) included in the Tariff head/HS 8471.41.10.00, 8471.50.10.00, and 8528.51.20.00 can only be imported by the Reconditioning Industry in the Bonded Zone.
- (2) The Non-New Capital Goods as referred to in paragraph (1) shall fulfill the following requirements:
 - a. imported still feasible to use together with the component packaged in one package;
 - b. still functioning;
 - c. at age of maximum 5 (five) years as of the production date, where the age of CPU and monitor is seen from the production year written on the manufacturer's table; and
 - d. the recent specification and type i.e. CPU minimum Core 2
 Duo or its equal together with the supporting accessories and monitor type is Liquid Crystal Display (LCD) or Light Emitting Diodes (LED).
- (3) The Non-New Capital Goods as referred to in paragraph (1) can only be imported by the Reconditioning Company already obtaining Approval of Import from the Director.
- (4) To obtain the Approval of Import as referred to in paragraph (3), the Reconditioning Company shall submit the application for Approval of Import in writing to the Director by attaching the requirements as referred to in Article 4 paragraph (2).
- (5) The import of the Non-New Capital Goods as referred to in

paragraph (1) already obtaining Approval of Import as referred to in paragraph (3) shall be subjected to the technical inspection as referred to in Article 9.

Article 18

The Non-New Capital Goods from import already reconditioned or remanufactured and will be transferred or sold shall comply with the legislation.

Article 19

Every import of the Non-New Capital Goods by the reconditioning and remanufacturing companies can only be made through the port of destination nearest from the domicile of the reconditioning and remanufacturing companies and/or domicile of the reconditioning and remanufacturing workshop.

- (1) The approval of Import shall be revoked in case the company:
 - a. fails to implement the obligation to submit the report as referred to in Article 8 for 3 (three) times;
 - b. is proven of changing the information mentioned in the Approval of Import;
 - c. is proven of submitting untrue data and/or information as requirement to obtain Approval of Import;
 - d. is proven of transferring and/or selling the Non-New Capital Goods imported without prior process, except for the Medical Appliances Supplier Company; and/or
 - e. is declared guilty based on the court's absolute judgment for the crime related to the abuse of import document of Non-New Capital Goods.
- (2) Revocation of Approval of Import as referred to in paragraph (1) shall be made by the Director.

(3) The Company already subjected to sanction in terms of revocation of Approval of Import may not submit the subsequent application for Approval of Import.

Article 21

- (1) Determination of Surveyor shall be revoked if the Surveyor:
 - a. fails to implement the obligation to submit the report as referred to in Article 12 for 3 (three) times; and/or
 - b. commits breach in the implementation of technical inspection activity of the import of Non-New Capital Goods.
- Revocation of determination as Surveyor of technical inspection of import of Non-New Capital Goods as referred to in paragraph (1) shall be made by the Minister.

Article 22

Exclusion from the provisions set forth herein shall be at approval of the Minister.

- (1) The approval of Import already issued based on the Regulation of the Minister of Trade Number 48/M-DAG/PER/12/2011 regarding Provisions on Import of Non-New Capital Goods as already amended by the Regulation of the Minister of Trade Number 77/M-DAG/PER/12/2012 shall be declared remain effective until the expiry of the effectiveness term.
- (2) In case the Non-New Capital Goods imported based on the approval of import as referred to in paragraph (1) is not yet arrived upon the expiry of approval of import, the import implementation shall be allowed until February 28, 2014 provided that:
 - a. the technical examination has been made by the Surveyor before January 1, 2014 proven by the Certificate of

Inspection; or

- b. the technical examination has been made before January 1, 2014 according to the provisions in the Legislation and procedure applicable to the civil aircraft and sea vessel, especially for Tariff head/HS 88 and 89.
- (3) The provisions on issue of approval of import of Non-New Capital Goods delegated to the Batam Area Management Board, Bintan Area Management Board and Karimum Area Management Board as regulated in the Regulation of Minister of Trade Number 12/M-DAG/PER/3/2009 shall be declared remain effective and its implementation shall refer to this Regulation of Minister.

Article 14

This Regulation of Minister shall become effective January 1, 2014 and expire on December 31, 2016.

For public cognizance, it is instructed to promulgate this Regulation of Minister by inserting the same in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta on December 17, 2013 MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA, signed

GITA IRAWAN WIRJAWAN

Copy conforms to original Secretariat General Ministry of Trade of the Republic of Indonesia Head of Legal Bureau, *signed and sealed* LASMININGSIH