



This publication is
a joint project with  **pwc**

HSBC 
Commercial Banking

Doing business in Indonesia



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The materials contained in this publication were assembled in August 2012 and were based on the law enforceable and information available at that time.

Executive summary

As the fourth most populous country in the world, supported by good political and economic stability, Indonesia's large domestic market offers a wide range of investment opportunities for foreign and domestic investors.

With a target economic growth of more than 6% for the coming years, there is a growing emphasis for the government of Indonesia on attracting more foreign investment in order for the overall investment to reach the projected levels of Indonesian Rupiah (IDR) 2,000 trillion, or approximately US\$222 billion, by 2014.

For the last 10 years the government of Indonesia has been actively introducing measures directed at encouraging investing in Indonesia and improving the country's regulatory and economic environment. Key measures recently introduced can be summarised as follows:

1. Amending the Investment Law in 2007 to provide more assurance on matters such as equal treatment among investors, ability to repatriate profit from Indonesia, investment incentives and protection from nationalisation.

2. Issuing the Negative List of Investment in June 2010 to open more business sectors to foreign investors.

3. Amending Tax Laws in 2008 and 2009 to improve tax administration and to reduce the corporate income tax rate to a flat 25% rate starting from 2010.

4. Amending laws and regulations in certain sectors such as shipping and mining in order to improve the licensing process and attract more investment in these sectors.

5. Developing an integrated service for both, the central and regional governments to simplify the licensing process for businesses operating and investing in Indonesia.

Another area of focus for the government is to improve the archipelago's infrastructure. Through the Public Private Partnership (PPP) scheme, the government offers investment opportunities for the infrastructure projects to develop the country's roads,

railways, power and utilities. Investments in mining and agriculture sections are also actively encouraged.

With a population of almost 240 million of which more than 80% are Moslem, Islamic economics and banking is also a potential growing sector in Indonesia.

Currently, establishing an Indonesian limited liability company is the most common form of operating as a foreign investor in Indonesia.

Other types of presence, such as representative offices or branches, could be established, but are subject to certain limitations on commercial activities and restrictions for certain sectors.

Continued focus on developing the regulatory and tax aspects of operating a business in Indonesia together with the adoption of international accounting and reporting standards should further benefit Indonesia's drive to attract more investment and improve its competitiveness.



Foreword

Connecting Indonesia to the World

In the fast changing and dynamic world that we live in, we have witnessed a re-balancing of the world economies as emerging markets increasingly drive global economic growth. Indonesia is one of the world's leading emerging economies, and the third-fastest growing economy in Asia. It is also the largest economy in Southeast Asia, supported by:

- GDP of more than US\$800 billion in 2011, and forecast to grow by 6.1% in 2012.
- Strong domestic consumption.
- Strong trade and investment flows, including intra-regional flows.
- An Investor-friendly government.
- An abundance of natural resources.
- An ample and increasingly talented work force, underpinned by the world's fourth-largest population by country.

Having operated in Indonesia since 1884, HSBC's knowledge of the dynamics, and resultant opportunities, of the Indonesian markets sets it apart from its competitors. HSBC has the ability to combine both its local presence (with an extensive branch network throughout the country) and global strength to offer the full range of financial services to businesses wishing to tap into this exciting and vibrant market.

We hope that you will find this guide book both useful and informative, and look forward to helping your business unlock the tremendous potential of Indonesia.



Alan Richards
CEO
HSBC Indonesia



Introduction

Doing business in Indonesia

Indonesia is the world's largest archipelago and is composed of approximately seventeen thousand islands lying along the equator. These include several large islands which include Java, Sumatera, Kalimantan, Sulawesi and Papua, as well as various islands that are popular tourist destinations, such as Bali, Lombok and Komodo.

Java is the main and most developed island where almost 60% of the Indonesian population live and most of the business and governmental activities are carried out. With a population of almost 240 million, Indonesia is the fourth most populous country in the world which means it has a large domestic market open for investment.

The Indonesian Constitution guarantees the right to freedom of religion. However, the government only recognises six official religions, namely Islam (86.1%), Protestantism (5.7%), Catholicism (3%), Hinduism (1.8%), Buddhism and Confucianism (3.4%).

The Indonesian labour force numbers around 113 million.

A rapidly rising population is putting strain on the Indonesian employment market, with some 2 million new entrants estimated to be seeking jobs each year. Agriculture and services are the two biggest sectors, employing respectively 43% and 44% of the workforce.



Economic Structure and Growth

The major economic sector in Indonesia is the manufacturing and processing sector which contributes around 24.3% of the Gross Domestic Product (GDP). Some major industries in this sector are food and beverages, machinery and transportation, chemical and textiles.

The manufacturing sector is followed by the agricultural sector, which includes forestry, plantation, farming and fishery, and the trading and hospitality sector. These together contribute around 14.3% of the GDP.

The mining sector, which has been one of the priority sectors, contributes around 11.9% of the GDP. More than half of this comes from oil and gas mining.

Indonesia proved less exposed to the recent global recession than many of its neighbours, largely because exports account for a relatively small proportion of the country's GDP. In 2011 the real GDP grew by 6.5%, making Indonesia one of the world's best-performing large economies. Growth is expected to be accelerated in 2012 with an estimated growth rate of 6.1%.

Exports are also expected to grow, driven largely by healthy demand from China for Indonesia's commodity exports.

Physical Infrastructure

Infrastructure has been one of the challenges for the Indonesian government in attracting foreign investment in Indonesia. Currently, Indonesia has around 391 thousand kilometers of roads, 6.5 thousand kilometers of railways, and 21.5 kilometers of waterways. In addition, Indonesia developed an extensive air transport network that encompasses 652 airports to ensure that all Indonesia's islands are accessible, by either sea or air, although safety remains a key issue.

The current infrastructure still needs to be significantly developed to support the targeted economic growth. The priority areas for the government to encourage further investment include the power and energy sectors, water and sanitation facilities, roads, transportation and telecommunications.

The Indonesian government is actively promoting a Public Private Partnership (PPP) scheme as an instrument to invite investment in the infrastructure sector. Under the PPP scheme, the government provides a list of potential infrastructure projects around Indonesia to be developed under cooperation with the private sector.

Legal Framework

Indonesian legislation comes in different forms.

The following official hierarchy of Indonesian legislation (from top to bottom) is enumerated under Law No. 10 Year 2004 on the Formulation of Laws and Regulations:

1. 1945 Constitution (Undang-Undang Dasar 1945 or UUD'45).
2. Law (Undang-Undang or UU) and Government Regulation in Lieu of Law (Peraturan Pemerintah Pengganti Undang-Undang or Perpu).
3. Government Regulation (Peraturan Pemerintah or PP).
4. Presidential Regulation (Peraturan Presiden or Perpres).
5. Regional Regulation (Peraturan Daerah or Perda).

In practice, there are also Presidential Instructions (Instruksi Presiden or Inpres), Ministerial Decrees (Keputusan Menteri or Kepmen) and Circulation Letters (Surat Edaran), which sometimes conflict with each other.

The judicial system comprises several stages of courts overseen by the Supreme Court, which often creates a time consuming court process for a dispute settlement.

Most disputes are heard before the courts of general jurisdiction, with the State Court being the court of first instance. Appeals from the State Court are heard before the High Court, while the Supreme Court can hear a final appeal from lower courts.

In 1998, the Commercial Court was also established to handle insolvency cases as well as other commercial matters.

Building and maintaining relationships

In general, English is spoken at a business level in Indonesia. However, if dealing with government or undertaking business outside the main cities, e.g. Jakarta, some translation may be required.

Some basic business etiquette includes:

- Avoiding using the left hand to pass or receive anything, including business cards and gifts.
- If you are being introduced to several people, it is customary to introduce yourself to the eldest member of the group. It is acceptable to shake hands with women.

Negotiations can be quite lengthy so to give enough time to carefully consider the business proposal. Often it takes several meetings before

coming to an agreement. Initial meetings generally serve to make acquaintances. Indonesia is a relationship-driven market.

Companies may not respond very quickly to emails especially if the sender is not well known to them. Patience is a key element in doing business successfully in Indonesia.

Business relationships in Indonesia are based on trust and familiarity, therefore personal contacts and networks are important in making business deals.

As Indonesians place great emphasis on age and respect towards elders in Indonesian society is expected.

Conducting business in Indonesia

General Investment Policy

With an investment target of IDR2,000 trillion (equivalent to US\$222 billion) to 2014, the Indonesian government, through the Capital Investment Coordinating Board (BKPM), is actively promoting foreign investment in Indonesia and strengthening the investment climate by, among others, improving the regulatory framework, simplifying the licensing process and improving the business infrastructures.

The main legislation governing foreign direct investment in Indonesia is Capital Investment Law No. 25/2007 which was issued in 2007.

The general investment policy covered under this current Law includes the following:

- a. Equal treatment of domestic investors and foreign investors. However, certain national interests must still be considered, such as limitation on investment in certain strategic sectors or in sectors which are reserved to develop local micro, small or medium business players.

- b. To shorten the length of time required to do business in Indonesia, a one-stop integrated service is being developed both by the central government and regional government to simplify the licensing process. An online application system has also been developed to submit applications. Further development in this licensing area is still required to implement a full one-stop integrated service.

- c. A foreign investor is given the right to employ expatriates in certain positions by obtaining the proper permit and fulfilling the obligation to improve skills and expertise of local manpower through training.

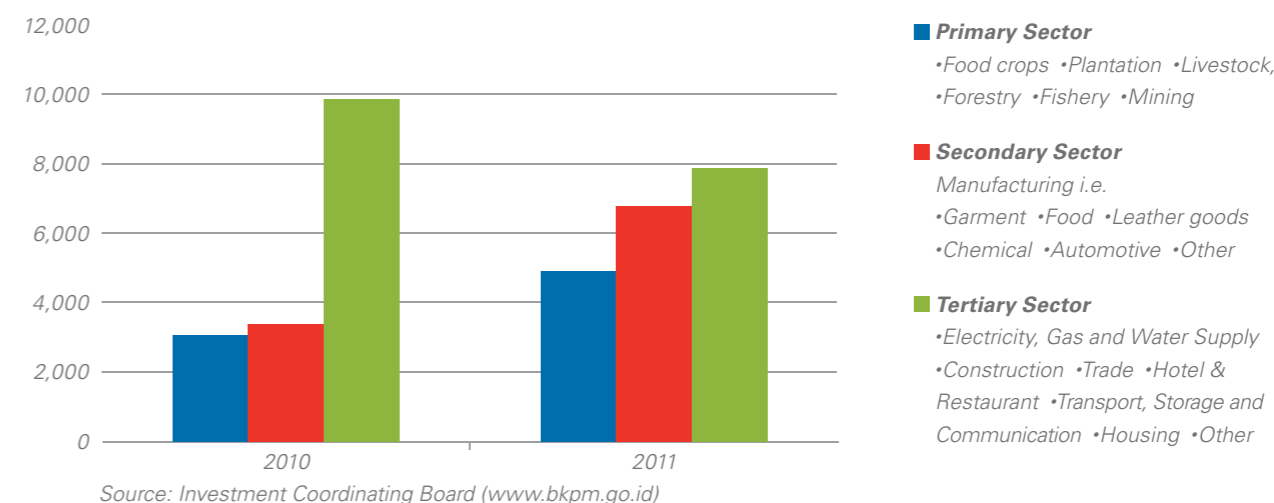
- d. The Indonesian government ensures the right of foreign investors to repatriate profit from Indonesia which can be in the form of payment of dividend, reduction of capital, payment liquidation proceeds or payment of royalties or technical fees. The Indonesian government, however, has the right to defer the repatriation of profit if the investor has any unsettled legal liabilities in Indonesia.

- e. Certain investment facilities such as tax facilities can be granted based on certain investment criteria. Examples include absorbing a large number of manpower, included in high priority scale business, infrastructure development, undertaking transfer of technology, a pioneer industry or located in remote, less developed or border areas.

- f. The Indonesian government will not perform nationalisation of foreign investments unless based on the Law. In the case of nationalisation, the government shall provide compensation based on market value. To be more focused in attracting more investors, the Indonesian government has also set several key and priority investment sectors which include infrastructure, energy and oil and gas. In addition, seven provinces were identified as priority investment areas; these are Riau, West Nusa Tenggara, Papua, West Java, East Java, East Kalimantan and North Sulawesi.

The graph top right illustrates the value of foreign investment projects approved in Indonesia by business sector for 2010 and 2011.

Value of Realised Investment Projects in Indonesia (in USD Million)



- Primary Sector**
 - Food crops •Plantation •Livestock, •Forestry •Fishery •Mining
- Secondary Sector**
 - Manufacturing i.e.
 - Garment •Food •Leather goods
 - Chemical •Automotive •Other
- Tertiary Sector**
 - Electricity, Gas and Water Supply
 - Construction •Trade •Hotel & Restaurant •Transport, Storage and Communication •Housing •Other



Investment Restrictions

Not all types of business are open for foreign investors. Presidential Regulation No. 36/2010 has been issued to stipulate the lines of business open and closed to foreign investors (Negative List of Investment/NLI). Under the NLI, foreign investors can identify business areas closed for foreign investment, business areas which can be fully owned by a foreign investor or those which require joint venture with a domestic investor.

A certain privilege is given to investors from ASEAN countries where the NLI, based on ASEAN agreement, can provide a higher shareholding percentage compared to investors from other countries.

The NLI will be reviewed every three years to accommodate the recent business updates. As of the beginning of 2012, BKPM has set out a policy for a minimum investment of IDR10,000,000,000 or an amount equivalent to US\$1,075,000 (using 1US\$ = IDR9,300). This is based on the assumption that the foreign investment company is acknowledged as large scale company. This policy also generalises the investment amount which previously varied between each business sector.

Setting up a business

There are various ways for an investor to set up a presence in Indonesia, depending on the investor's type of business.

1. Indonesian Limited Liability Company (PMA)

The common type of presence for a foreign investor who wants to invest and engage in business in Indonesia is by establishing an Indonesian incorporated limited liability company, commonly known as a PMA company.

There must be two parties holding shares in a PMA company. These can be a legal entity or an individual. The foreign investor's shareholding percentage must meet the requirement under the NLI.

The shareholders must also appoint at least one director and at least one commissioner of the PMA company. The director serves as management of the PMA company and has the authority to represent the PMA company, while the commissioner supervises and provides advice to the director.

The World Bank in its latest Doing Business 2011 study mentions that it takes 45 days and a minimum of eight procedures to start business in Indonesia in the form of a PMA company, which is an improvement compared to the 2010 study which indicated 60 days. This improvement is part of the Indonesian

government's effort to develop a one-stop integrated service and simplification of licensing requirements.

2. Representative Office

Foreign companies are permitted to establish a representative office in Indonesia. However, unlike a PMA company, a representative office has more restrictions on its activities.

A representative office can only perform marketing or promotion activities, market research and review of business opportunities in Indonesia. It cannot engage in any commercial activities or generating revenue in Indonesia. Representative offices are available for foreign companies engaged in certain sectors which include trading, services, oil and gas mining and banking.

An exception applies to representative offices of foreign companies engaged in construction services. This type of representative office is allowed to deliver construction services in Indonesia under a joint operation with a local construction company.

3. Branch

A branch office is generally not allowed, except for the banking sector.

4. Others

Other types of presence for conducting business in Indonesia include a Production Sharing Contract with the Indonesian government. This is common in the oil and gas mining upstream sectors.

A foreign company can also choose an indirect presence by appointing a local company as an agent or as a distributor to market and sell its products in Indonesia.

Land rights

Indonesian land legislation does not recognise the concept of freehold land rights. Instead, various rights attached to land are divided into separate elements and areas subject to separate titles. The Basic Agrarian Law recognises several types of land rights:

1. The right of ownership (hak milik) is an inheritable right that can be held only by Indonesian citizens.
2. For a company, including PMA company, there are three main rights where the differences lie in the rights duration of validity, the nature of utilisation, the opportunities to mortgage and proof of title:
 - a. Right of exploitation (hak guna usaha). This is a right to cultivate state-owned land for agriculture and plantation purposes.

The duration is a maximum of 35 years, extendable for another 25 years.

- b. Right of building (hak guna bangunan). This is a right to construct and own buildings. This right can be granted for a maximum of 30 years, extendable for 20 years and may be renewed at the discretion of the local government.
- c. Right of Use (Hak Pakai) Foreign investors who have obtained mining rights from the Minister of Energy and Mineral Resources or the Minister of Forestry have automatically obtained the right to use the land within their concession boundaries for purposes directly

connected with the operations of the companies.

All land rights should be registered at the Land Register at the National Land Agency (Badan Pertanahan National – BPN).

Special Economic Zones (SEZ)

The Indonesian Special Economic Zone (SEZ) is a designated area within the territory of Indonesia designed to become a business and industrial centre for domestic and foreign investors.

As its main purpose is to boost the investment and business

activities in the area, SEZ offers various administrative incentives, such as easier licensing process, taxation incentives and availability of complete infrastructure to support the businesses and industries in the field of trading, services, industry, energy and mining, transportation, fishery, tourism etc.

The incentives are designed to improve the competitiveness of SEZ and attract further investment in the designated area or business sector. Incentives that can be granted in a SEZ vary and can consist of the following:

No.	Type	Facilities
1	Tax	Corporate income tax facilities in accordance with the prevailing regulations. Reduction of land and building tax for a certain period.
2	Customs and Importation	Import duty deferment. Excise exemption for raw and supporting materials for production. Non-collection of value added tax and luxury goods tax. Non-collection of corporate income tax on importation.
3	Delivery of taxable goods to SEZ from other Indonesian customs area	Non-collection of value added tax and luxury goods tax in accordance with the prevailing regulations.
4	Regional tax and/or retribution	Exemption or reduction of regional tax and/or retribution.
5	Land	Easiness to obtain land right.
6	Licences/permits	Easiness to obtain licences/permits and expatriate employment.
7	Requirement of foreign shareholding	Does not apply except for certain businesses which are reserved for cooperative or micro/small/medium-scale companies.

The government has appointed Batam, Bintan and Karimun (BBK) islands in Riau Islands province as a Free Trade Zone, a variation of the SEZ.

Government Agencies

The main government agencies and their areas of licensing authority for foreign investors looking to do business in Indonesia are as follows:

1. Capital Investment Coordinating Board (BKPM)

As the primary interface between business and government, BKPM is a ministerial level agency mandated to boost domestic and foreign direct investment through creating a conducive investment climate.

BKPM has multiple functions ranging from being an investment promotion agency, a regulatory body as well as the agency in charge of approving investment planned in Indonesia.

BKPM is the first entrance for foreign investors planning to do business in Indonesia.

Several regional governments have established a regional investment office in a response to provide a better service to domestic and foreign investment.

2. Ministry of Laws and Human Rights

The Ministry of Laws and Human Rights is a government body which has the authority to approve the establishment of a limited liability company in Indonesia.

In addition to that, it has also the authority to implement government affairs in the field of law and human rights, guide and coordinate the implementation of ministerial duties and administrative services and implement applied research and development, education and specific training and preparation of legislation.

3. Ministry of Trade

The Ministry of Trade's role is to facilitate, encourage, enhance and promote the commercial sector and activity in Indonesia by acting as a service and support structure for the domestic and international commercial and trading sector.

4. Directorate General of Taxes (DGT)

As one of the government agencies responsible for collection of State Revenue under the Ministry of Finance, the Directorate General of Taxation has three main functions:

- Executive function, namely to collect taxes and ensure the compliance of taxpayers.

- Legislative function, to issue regulations, implement tax laws and provide an interpretation of tax laws made by a separate agency under the Ministry of Finance.

- Judiciary function, to handle any tax objection to a tax assessment.

5. Directorate General of Customs and Excise

Similar to the Directorate General of Taxation, the duties and functions of the Directorate General of Customs and Excise are closely related to collection of State Revenue from import activities such as collection of import duties.

6. Environmental Control Agency

The government is now paying more attention to environmental protection. In this regard, the Environmental Control Agency was formed to coordinate and control the environment including corporate governance, conservation and disaster mitigation and environmental capacity development.

A company wishing to carry out certain activities would have to obtain an Analysis of Environmental Impact certificate from this agency, which is also formed on a regional or provincial level.

7. Ministry of Manpower

The Ministry of Manpower has authority as a regulatory body and has the aim to enhance good corporate governance and to support the growth of employment opportunities in Indonesia.

This ministry also grants work permits to enable a company to employ expatriates in Indonesia.

8. Directorate General of Immigration

The Directorate General of Immigration monitors the immigration flows and grants entry visas for expatriates entering Indonesia. This Directorate also grants stay permits for expatriates working and residing in Indonesia.

For specific sectors, investors would also need to deal with or obtain licences from other technical departments such as the Ministry of Agriculture for the plantation sector, the Ministry of Transportation for the shipping sector and the Upstream Oil and Gas Supervisory Agency (BPMIGAS) and Ministry of Energy and Mineral Resources for the oil and gas, mining and general mining sector.



Taxation in Indonesia

Corporate Income Tax

Under the prevailing Indonesian tax law, a company is treated as a resident of Indonesia for tax purposes by virtue of having its establishment or its place of management in Indonesia. A foreign company carrying out business activities through a permanent establishment (PE) in Indonesia will generally have to assume the same tax obligations as a resident taxpayer.

Resident taxpayers and Indonesian PEs of foreign companies have to settle their tax liabilities by direct payments, third-party withholdings, or a combination of both. Foreign companies without a PE in Indonesia have to settle their tax liabilities for their Indonesian-sourced income through withholding of the tax by the Indonesian party paying the income.

1. Tax rate and period

From 2010, a flat rate of 25% applies for corporate taxpayers. The normal tax period is January to December. If corporate taxpayers would like to use a different tax period, e.g. July to June, they would have to obtain an approval from the Director General of Tax (DGT) and then maintain the approved tax period consistently.

Branch (or PE) profits are subject to the same corporate tax rate of 25%, but the after-tax profits are subject to withholding tax (WHT) at

20%, regardless of whether the profits are remitted to the home country. However, a reduced WHT rate may be applicable where a tax treaty is in force.

2. Tax incentives

Public companies that satisfy a minimum listing requirement of 40% and certain other conditions are entitled to a tax discount of 5% off the standard rate, providing an effective tax rate of 20%. Small enterprises (i.e. corporate taxpayers with an annual turnover of not more than IDR50 billion or equivalent to US\$5.4 million) are entitled to a 50% discount of the standard tax rate, which is imposed proportionally on taxable income of the part of gross turnover up to IDR4.8 billion or equivalent to US\$518,000.

Investment Incentive: The DGT, on behalf of the Minister of Finance and based on the recommendation of the Investment Coordinating Board (BKPM) Chairman, may provide the following tax concessions to Indonesian Limited Liability (PT) companies following their investment in certain designated business areas or in certain designated regions:

- A reduction in net income of up to 30% of the amount invested, pro-rated at 5% for six years of the commercial production, provided that the assets

invested are not transferred out within six years;

- Acceleration of fiscal depreciation deductions;
- Extension of tax losses carry forwards for up to ten years;
- A reduction of the withholding tax rate on dividends paid to non-residents to 10%.

The same tax incentives can be granted by the DGT to companies conducting business in an Integrated Economic Development Zone (KAPET). Specific approval must be obtained from the DGT to qualify for these tax incentives.

If the company has bonded zone (Kawasan Berikat/KB) status, the tax facilities will also include those typically enjoyed by a KB company, for example:

- Non-collection of Value Added Tax (VAT) and Luxury-goods Sales Tax on certain luxury goods transactions;
- Exemption from prepaid income tax (Article 22) on the importation of capital goods and other equipment directly related to production activities;
- Postponement of import duty on capital goods and equipment and goods and materials for processing;



In the case of dividends received by a resident shareholder, 'portfolio shareholding' refers to share ownership of less than 25% of the paid-up capital. In this respect, the dividend tax withheld by the payer constitutes a prepayment of the income tax liability of the shareholder. 'Substantial shareholding' refers to the share ownership of 25% of the paid-up capital or more.

- Exemption from import duty for four years on machinery and certain spare parts.

Tax holiday: New corporate taxpayers in certain pioneer industries may enjoy a CIT exemption for a period of five to ten years from the start of commercial production. After the end of the CIT exemption, the company will receive a 50% CIT reduction for two years.

To be eligible for the above facilities, taxpayers should be newly incorporated in Indonesia (not earlier than 14 August 2010), should have a legalised new capital investment plan of a minimum IDR 1 trillion, should deposit a minimum of 10% of their planned investment value in banks located in Indonesia, and should not withdraw the deposit prior to the realisation of the investment plan.

An application for the tax holiday must be submitted to the Minister of Industry (Mol) or to the BKPM Chairman. A proposal for approval of the MoF will be made by the Mol or the BKPM Chairman after carrying out research on the applicant. Tax holiday proposals may be submitted to the MoF only until 15 August 2014.

There are other tax incentives such as tax-neutral merger for qualifying transactions, exemption from income tax for venture capital companies

provided certain conditions are met and exemption from branch profit tax for PEs that reinvest their after-tax profits in Indonesia within the same year or in the following year.

3. Tax administration

Tax liabilities for a particular period or year must be paid to the State Treasury through a designated tax-payment bank and then accounted for at the tax office through the filing of the relevant tax returns. The tax payments and filing of tax returns for a particular tax must be undertaken monthly or annually, depending upon the tax obligation in question.

The Corporate Income Tax Return must be filed annually by the end of the fourth month after the book year end. Taxpayers may extend the filing deadline for a maximum of two months by submitting a written notification to the DGT before the deadline, attaching a tentative tax calculation. Tax payments must be made before filing the Return or before filing the notification for extension based on the tentative tax calculation. A prepayment system operates for corporate tax whereby monthly instalments must be paid based (generally) on the previous year's tax liability.

Returns for transaction taxes such as withholding taxes

must be filed on a monthly basis. Payments are generally required by the 10th or 15th day of the following month. Specifically for VAT, the payment must be settled before the VAT return is filed. VAT return filing is done on a monthly basis by the end of the following month.

Late tax payments incur penalties at 2% per month, while for late reporting the administrative penalties are between IDR100,000 and IDR1,000,000.

4. Tax calculation

Taxable business profits are calculated on the basis of normal accounting principles as modified by certain tax adjustments. Generally, a deduction is allowed for all expenditure incurred to obtain, collect, and maintain taxable business profits. A timing difference may arise if an expenditure recorded as an expense for accounting cannot be immediately claimed as a deduction for tax.

Disallowed deductions include:

- Private expenses;
- Provisions, except for:
 - Provisions for doubtful debts for banking and financing companies;
 - Insurance claims provisions for insurance companies;

	Notes	Dividends		Interest %	Royalties %	Branch profits %
		Portfolio %	Substantial holdings %			
Resident corporations	1	15	Nil	15	15	N/A
Resident individuals		10	10	15	15	N/A
Non-resident corporations and individuals – non-treaty		20	20	20	20	20/0

- Deposit security provisions for the Deposit Insurance Institution;
 - Reclamation provisions for mining companies;
 - Forestation provisions for forestry companies;
 - Provisions for the cost of closing and maintaining an industrial waste disposal area, for industrial waste disposal businesses;
- c. Benefits-in-kind (BIKs), except for:
- food and drink provided to all employees;
 - employee benefits required for job performance such as protective clothing and uniforms;
 - transportation costs to and from places of work;
 - accommodations for ship crews and the like;
 - the cost of providing BIKs in remote areas; and
 - 50% of the acquisition and maintenance costs of certain company provided cars and cellular phones;

d. Amount that exceeds the fair amount paid to shareholders or other related parties as compensation for work performed;

e. Income tax and tax penalties or sanctions;

f. Employer contributions for life, health and accident insurance and contributions to unapproved pension funds, unless the contributions are treated as part of the taxable income of employees.

5. Tax losses

Losses may be carried forward for a maximum of five years. Carrying back of losses is not permitted. Offsetting losses within a corporate group is not allowed.

6. Withholding taxes (WHT)

WHT is levied on a variety of payments to corporations and individuals, resident and non-resident, at the rates shown in the table above.

Please note that reduced Double Tax Treaty withholding rates apply to many territories and these may be considered when making payments.

The issue of beneficial ownership has come under scrutiny by the tax office. For treaty WHT rates to apply to passive income such as interests, dividends, and royalties, the recipient of such income must be the beneficial owner. The recipient must also provide a certificate of domicile (CoD) prescribed by the Indonesian Tax Office and certified by their home country tax authority, certifying that the recipient is a tax resident of that country. Without a certified CoD, WHT of 20% will apply. These aspects need to be considered when paying income of this nature.

Other than passive income such as interests, dividends, and royalties, Indonesian income

Description	Final Income Tax Rate (%)
Rentals of land and buildings	10%
Proceeds from transfers of land and building rights	5%
Fees for construction work performance	2/3/4%
Fees for construction work planning	4/6%
Fees for construction work supervision	4/6%
Interest on time or saving deposits and on Bank of Indonesia Certificates (SBIs) other than that payable to banks operating in Indonesia and to government approved pension funds	20%
Interest on bonds other than that payable to banks operating in Indonesia and to government approved pension funds	15%
Sale of exchange-traded shares on the Indonesian stock exchange	0.1%
Income from lottery prizes	25%
Forward contract derivatives	2.5%

tax is also collected from certain types of transactions, such as:

- Importation of goods;
- Sale of goods to the government;
- Sale or purchase of certain products;
- Sale or purchase of very luxurious goods;
- Payment of certain services.

Certain types of income are subject to a final income tax at a specific percentage

of the gross amount of income, without regard to any attributable expenses (as summarised in the table on the next page): Expenses relating to gross income subject to the 'final' tax above are not deductible.

Other types of services, governed under MoF Regulation, are subject to withholding tax at the rate of 2%.

Transfer Pricing

Transactions between related parties must be dealt with consistently using the arm's length principle. If the arm's length principle is not followed, the DGT is authorised to recalculate the taxable income or deductible costs arising from such transactions applying the arm's length principle.

Under the General Tax Provisions and Procedures Law, the government requires specific transfer pricing documentation to prove the arm's length nature of related-party transactions. The DGT has issued guidance on the implementation of transfer pricing which, among other things, acknowledges five transfer pricing methods, such as:

- the comparable uncontrolled price method (CUP);
- resale price method (RPM);
- cost plus method (CPM);
- profit split method (PSM); and
- transactional net margin method (TNMM).

The transfer pricing guidelines also provide a possibility of Mutual Agreement Procedures (MAPs) and Advance Pricing Arrangements (APAs). In regard to MAP, taxpayers can apply for a MAP and continue local dispute resolution at the same time (with certain limitations). The local dispute resolution includes applying for a tax objection, appealing to the Tax Court and requesting a reduction or cancellation of administrative sanctions.



Personal Income Tax

The Indonesian tax system distinguishes individual tax subjects into non-resident and resident tax subjects.

An individual who resides in Indonesia, an individual who is present in Indonesia for more than 183 days within any 12-month period, or an individual who within a particular year is present in Indonesia and intends to reside in Indonesia, is regarded as a resident tax subject.

The provisions of tax treaties may override the above rules.

A resident taxpayer's income is taxed on a worldwide income basis.

1. Tax rates

Most income earned by individual resident taxpayers is subject to income tax at the following rates:

Taxable Income	Rate	Tax (IDR)
On the first IDR50,000,000	5%	2,500,000
On the next IDR200,000,000	15%	30,000,000
On the next IDR250,000,000	25%	62,500,000
On the next amount of over IDR500,000,000	30%	30% of the relevant amount

Dividends received by individual resident taxpayers from Indonesian companies are subject to 10% final tax. Non-resident individuals are subject to withholding tax at 20% in respect of their Indonesia-sourced income. Concessions are available however, where a tax treaty is in force.

2. Tax administration

Tax liabilities for a particular year must be paid to the State Treasury through a designated tax-payment bank and then accounted for at the DGT office through the filing of the relevant tax returns.

Personal Income Tax Returns must be filed on an annual basis within three months after the end of fiscal year. Filing extension is allowed for a maximum of two months by submitting a written notification. Late tax payments are subject to a 2% tax penalty per month, while for late reporting the administrative penalty is IDR100,000.

Value Added Tax (VAT) and Luxury-goods Sales Tax (LST)

With a few exceptions, VAT is applicable on deliveries (sales) of goods and services within Indonesia at a rate of 10%. VAT on export of goods is zero-rated while the import of goods is subject to VAT at a rate of 10%. Zero-rated VAT is also applicable on exported services, but subject to a MoF limitation. Currently, only certain exported services, i.e. toll manufacturing, repair and maintenance, and construction services, are subject to the 0% VAT rate.

Inbound use or consumption of foreign services or intangible goods, with few exceptions, is also subject to a self-assessed VAT at a rate of 10%.

The VAT law allows the government to change the VAT rate within the range of 5% to 15%. However, since the enactment of the VAT law in 1984, the government has never changed the VAT rate.

In addition to the VAT, some goods are subject to LST upon import or delivery by the manufacturer to another party at rates ranging from 10% to 200%.

Other Taxes

1. Land and building tax

Land and building tax (PBB) is a type of property tax chargeable on all land and buildings, which is due annually at 0.5% of the government-determined sales value.

In a land and buildings transfer, the acquirer is liable for duty on the acquisition of land and building rights (BPHTB) at 5% of the greater of the transaction value or the government-determined value.

2. Stamp duty

Stamp duty is nominal and payable as a fixed amount of either IDR6,000 or IDR3,000 on certain documents.

Statute of Limitation

Under the current Tax Administration Law, the DGT can issue an underpaid tax assessment letter for the years up to 2007 only within ten years after the incurrence of a tax liability, the end of a tax period (month) or the end of (part of) a tax year, but no later than 2013. For years from 2008 onwards the time span for the issue of underpaid tax assessment letters is reduced to five years.



Audit and accountancy

Businesses are required to maintain accounting records and prepare annual financial statements in accordance with the Indonesian Financial Accounting Standards (SAK is the local acronym), which are mostly adopted from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) on 1 January 2009.

Accounting period

Business entities generally use the 1 January to 31 December calendar year as their accounting year. For tax purposes the fiscal year in most cases is also the calendar year; however, companies are allowed to choose a fiscal year that does not start on 1 January.

Bookkeeping currency

Accounting books and financial statements are prepared using the company's functional currency. An entity may present financial statements using a currency other than its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates; this is usually the currency in which sales prices or costs for the company's goods and services are denominated and settled.

For most business entities in Indonesia the functional currency is generally the Indonesian Rupiah; however, there are a number of companies whose functional currency is a currency other than Rupiah.

For tax purposes, the prevailing tax regulation in Indonesia only allows a company to use US Dollar currency, as an alternative to Rupiah, in its accounting books. The company should obtain approval from the tax authority before it is eligible to use US Dollar currency in its accounting.

Bookkeeping language

By law, all accounting books, records and financial statements should be prepared using the Indonesian language. A company is allowed to use other languages only after obtaining permission from the Ministry of Finance.

Accounting basis

Business entities must apply the accrual basis of accounting in recognising and measuring financial statement items. Under the accrual basis, the effects of transactions are recognised when they occur (which is not necessarily the same as when cash is received or paid) and when certain criteria for recognising and measuring those transactions are met.

Accounting books

Companies are required to maintain accounting records and prepare annual financial statements in accordance with SAK issued by Indonesia's accounting standards-setting body, the Indonesian Financial Accounting Standards Board. They must keep journals and ledgers as well as appropriate memorandum records. Entities that have no public accountability are allowed to adopt SAK For Entities That Have No Public Accountability (SAK ETAP), which is simpler than the full SAK.

Financial statements

A complete set of financial statements consists of a statement of financial position (balance sheet), a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and notes to the financial statements. Financial statements are presented on a comparative basis with the same information from the previous year.

Reporting format

The format of the financial statements is set out in the SAK. Public companies are also required to comply with the format and guidance prescribed

by the capital market regulator, the Capital Market and Financial Institutions Supervision Agency (Bapepam-LK).

Preservation of books and records

By law, all accounting books and records must be kept for at least ten years after the end of the company's reporting period.

Audit requirements

Statutory audit by a qualified auditor is mandatory for the following types of entities, which are required to submit their annual financial statements to the Ministry of Trade:

- Publicly-listed companies.
- Companies involved in accumulating funds from the public (such as banks and insurance companies).
- Companies issuing debt instruments.
- Companies with assets of 25 billion Rupiah or more.
- Bank debtors whose financial statements are required by the bank to be audited.
- Certain types of foreign entities engaged in business in Indonesia that are authorised to enter into agreements.
- Certain types of state-owned enterprises.

Audits are conducted based on auditing standards promulgated by the Indonesian Institute of Certified Public Accountants (IICPA). The existing standards are largely based on the Statements on Auditing Standards issued by the American Institute of Public Accountants. The auditing standards will be shifted to International Standards on Auditing within the next few years.

Public companies are required to submit to the capital market regulator, Bapepam-LK, audited annual financial statements within three months after the end of the annual financial statements period.

For interim financial statements, the submission to Bapepam-LK should be conducted within one month after the date of the interim financial statements if not audited; within two months if statements are reviewed, and within three months if the statements are audited.

Auditing profession

To be able to issue an audit report on a set of financial statements, a public accountant must have professional certification, obtain a licence to practice

from the Ministry of Finance and become a member of the IICPA. The Ministry of Finance oversees the auditing profession in Indonesia. Bapepam-LK, which is a part of the Ministry of Finance, also performs the oversight function of auditors that audit public companies.

Auditor's independence rules

The Indonesian Auditing Standards require auditors to maintain their independence and to avoid potential conflicts of interests in delivering their professional services to audit clients. In addition, auditors should also observe and comply with the relevant independence rules issued by the regulator (i.e. Ministry of Finance) including independence rules issued by Bapepam-LK for auditors of publicly-listed clients.

The Ministry of Finance also requires rotation of firms which have provided audit services for six consecutive years provided there are no significant changes in the composition of partners in the firm.

Human Resources and Employment Law

The Indonesian Manpower Law, which was issued in 2003, encourages worker protection by implementing measures designed to formalise relations between employer and employees. Encompassing labour welfare is the main spirit of the Manpower Law.

The following are key points that need attention in relation to employment in Indonesia:

1. Contracts

Indonesian Manpower Law states that employment can be made verbally and in writing. To avoid legal dispute it is best to have an employment contract in writing.

There are two types of employment contract:

- a. Fixed-term contracts;
- b. Permanent employment contract.

A fixed-term contract can only be used for certain types of jobs, namely seasonal jobs or jobs which will be completed in a certain period of time.

Bilingual contracts are permitted. However, if under dispute and interpretation between both languages is different, the Indonesian version will prevail.

2. Staff hiring

Staff hiring can be made by either direct recruitment or outsourced. Direct recruitment

is very common where work relations are between an employer and an employee. Outsourced recruitment is where a third-party outsourcing company provides its employees to the employer, and is only allowed for workers engaged in non-core activities such as janitors, security, etc.

3. Employee rights

a. Working hours

Normal working hours are 7 hours per day or 40 hours per week for 6 working days in a week or 8 hours per day and 40 hours per week for 5 working days in a week.

Working in excess of the normal working hours will be normally considered as overtime and workers are entitled to compensation for it, except for workers in a management role.

Normal break time will be a minimum of 30 minutes per 4 hours of work and 2 days per week.

b. Welfare obligation

Employers having more than 10 employees or paying a monthly salary of more than IDR1,000,00 must register with the Jamsostek programme.

The Jamsostek programme consists of working accident protection, death insurance, old-age savings and healthcare. All of the components are mandatory with the exception of healthcare, should the employer provide higher or at least the same benefits as the Jamsostek programme.

The programme is maintained by a designated state-owned company, PT Jamsostek. Jamsostek contributions are made by both employer and employee at prevailing rates.

c. Wages and remuneration

An employer is obliged to comply with the rate of minimum wage for salary determined by the Regional Government from each province. In Jakarta, for

Taxable Income	As a percentage of regular salaries/wages	
	Borne by employers	Borne by employee
Working accident protection	0.24-1.74%	—
Death insurance	0.3%	—
Old-age saving	3.7%	2%
Healthcare*	3%	—

* Maximum of IDR60,000/month for a married employee and IDR30,000 for a single employee



example, the minimum wage for the year 2011 is IDR1,290,000 (equivalent to US\$139) per month.

d. Leave and break

Employees are entitled to annual leave for a minimum of 12 days per year. Other leave must be granted for certain occasions such as leave for female workers due to the period of menstruation, maternity and miscarriage, leave due to marriage or death of family members.

4. Unions

Workers are given the opportunity to form their own Union. A Union can act in representing workers' interests to the employer. Each Union must have their own by-laws and manage their own budget.

5. Termination

Indonesian Manpower Law stipulates several articles on the termination of employments.

In principle, termination of employment must be mutually agreed. Therefore, prior to termination, an employer is obliged to discuss with the individual employee or existing Labour Union in the company regarding the termination plan. If such discussion fails to resolve a mutual agreement, the employer can proceed with the termination only upon obtaining a declaration from the proper Industrial Relation Dispute Resolution Institution.

Upon termination, an employer is obliged to pay severance payment the amount of which would depend on the length of service and type of the employment contract.

6. Expatriate employees

Employment of expatriates is temporary in nature and available only for certain positions such as Director or Technical Advisor.

Expatriate employees must obtain a proper work and stay permit in order to become legally employed and reside in Indonesia.

An Indonesian counterpart must be employed for each expatriate being employed to support transfer of knowledge and technology to Indonesian employees. A ratio of 1:3 between expatriates and Indonesian employees is expected.

A lower ratio may be accepted in a case of difficulty in hiring Indonesian counterparts with the required qualifications.

7. Manpower report

Companies are obliged to submit a Manpower Report annually. This report consists of working conditions such as the minimum/maximum and average wage, number and education level of both local or foreign employees, etc.

Trade

Foreign trade

The Indonesian government maintains its commitment to a free-trade policy, gradually reducing the overall level of import tariffs. The focus on trade liberalisation is primarily designed to support Indonesia's medium-term growth potential. However, the government has also made moves to promote domestic production through import restrictions.

Indonesia is also a member of the World Trade Organization (WTO). Bilateral negotiations have begun with ASEAN and its partner countries, including Australia, China, and Japan, over free-trade pacts.

A free-trade agreement between ASEAN and China came into effect in January 2010. The authorities are also making efforts to strengthen multilateral and regional trade arrangements. Although the authorities have gradually lowered the level of import tariffs, they also remain wedded to restrictive practices extending existing import bans such as on sugar and rice to boost domestic producers. Under ASEAN commitments Indonesia has reduced tariffs for all products included in its original commitment involving more than 7,000 tariff lines to 5% or less for products of at

least 65% ASEAN origin. A new tariff reduction package was implemented in January 2004, dividing tariffs into non-ASEAN and ASEAN tariffs.

Indonesia's key trade opportunities include textiles, agricultural products and electronics.

Import duty

Import duties in Indonesia vary between 0% to 170%. However, most imported items will attract duties in the range of 0% to 15%.

In addition to the customs duties, an Indonesian company importing goods from overseas may also be subject to value added tax, sales tax on luxury goods and prepayment of corporate income tax.

To promote investment and international trading, various customs facilities are available, which include:

- Exemption from value added tax and customs duty for importation of capital goods and raw materials for a certain period for a new or expansion project.
- Duty exemptions and preferential duties for most imported goods of ASEAN Origin. In this case, ASEAN origin certification is critical.

Import restriction and compliance

Companies importing goods into Indonesia must obtain an Importer Identification Number from the Ministry of Trade or the Investment Coordinating Board. In addition, to import certain types of products including textile, shoes and electronic goods, an importer must possess a special import licence from the Ministry of Trade.

To protect domestic industry from certain imported goods, the government imposes import restrictions on certain products including alcoholic drinks, ammunition, and hazardous waste.

Customs issues may create a serious compliance obligation. Non-compliance may lead to significant additional exposure to administrative penalties which can be up to 500%. In view of monitoring import activities and increasing state revenue, controlling of import compliance by the Directorate General of Customs and Excise has recently been stricter. The Ministry of Trade finally has issued a regulation effective as at 2 May 2012 (New Regulation) which stipulates in particular the following two provisions:



1. An import trading company can only import limited type of goods

Under this New Regulation, the Ministry of Trade divides types of imported goods into 21 categories based on its Tariff/HS Code. Furthermore, it provides a limitation that a trading company can only import goods which falls under one category.

2. Limitation for a manufacturing company to import finished products

Currently, there are many manufacturing companies which are also engaged in the import trading business, i.e. importing finished products for direct sale to the customers.

A manufacturing company will not be given wide flexibility anymore to import finished products for direct sale to customer. The New Regulation only allows a manufacturing company to import limited type of finished products, such as:

- a. market testing products: goods for market testing purposes and imported only for limited period.
- b. complementary products: products which are imported by the manufacturing importers from and produced by the foreign companies having a special relationship with the importer.

This New Regulation provides a transition period up to 31 December 2012.

Banking in Indonesia

Banking Environment

Indonesian banking institutions are typically classified into commercial and rural banks. Commercial banks differ from rural banks in the sense that the latter are not involved directly in payment systems and have a restricted operational area.

In terms of operational definition, commercial banks in Indonesia are classified into non-syariah and syariah-based principle commercial banks. There are 122 commercial banks in Indonesia as of May 2010, of which four are state banks and 118 are private national banks.

Business and Banking

Indonesian Rupiah cannot be circulated or convertible in the global market. Therefore, all entities wishing to conduct transactions denominated in IDR must open onshore accounts.

As part of 'Know Your Customer' rules, a bank requires its corporate customers to provide legal corporate documents such as an incorporation deed and other relevant licences from the relevant government institution to enable opening an onshore account.

Local financing is available through bank loans or the capital markets. Such companies used to introduce capital from foreign sources by using a commercial bank to swap the foreign currency for Rupiah. A company may raise funds by selling shares to local and foreign investors through the Indonesia Stock Exchange. Foreign exchange controls do not exist currently in Indonesia. However, transfers of funds exceeding US\$10,000 (or its equivalent) from and within Indonesia should be reported to the Central Bank.

Bank Indonesia provides certain limitations for Indonesian individuals, Indonesian legal entities (excluding banks) and foreign parties for buying foreign currencies. Based on a Bank Indonesia regulation, Indonesian individuals, Indonesian legal entities (excluding banks) and foreign parties can buy foreign currencies using Rupiah from banks. However, if the purchase of foreign currencies exceeds US\$100,000 or its equivalent per month, such purchase would require some additional documentation. Purchases of foreign currency against IDR by a resident or non-resident of a value not exceeding US\$100,000 should be accompanied with a formal signed declaration with sufficient stamp duty, stating that the foreign exchange purchase transaction against IDR does not exceed US\$100,000 or its equivalent per month across all banks in Indonesia. For purchases of foreign currency against IDR above US\$100,000 or its equivalent per month across all banks in Indonesia, additional documents evidencing the underlying transaction, a signed copy of tax identity (this does not apply for foreign parties), and a signed declaration letter with sufficient stamp duty declaring the validity of the underlying documents and that the underlying document only entitles the purchase of foreign currency against IDR in the Indonesian banking system at the maximum corresponding

amount. Receipt of Rupiah by Foreign Parties greater than Rp. 500,000,000 whether in one transaction or several transactions within one day would also require information on the underlying transaction for the Rupiah receipt, and should be supported by documents evidencing the underlying transaction. 'Foreign parties' include overseas Bank office of a Bank having its head office in Indonesia, overseas corporate office of a company incorporated in Indonesia, foreign citizens, foreign legal entities or institutions and Indonesian citizens having permanent residence in other countries and that are not domiciled in Indonesia.

On October 2010, Indonesian Government has issued the Law number 8 of 2010 on Prevention and Eradication of the Crime of Money Laundering to substitute the previous Law number 15/2002 and Law number 25/2003. In accordance to the issuance of the latest Bank Indonesia Regulation No 11/28/PBI/2009 concerning Implementation of Anti Money Laundering and Combating the Financing of Terrorism programme, the Laws emphasize the implementation of Customer Due Diligence or Know Your Customer principle in Banking Industry and reporting of suspicious transaction to Financial Intelligence Unit, INTRAC (Indonesia Financial Transaction Report and Analysis Centre).

Type	Features
Savings Account	The initial starting point of banking relationships. Payment and transfers – the most liquid assets. Interest yielding account mostly available in major currencies (US\$ and IDR).
Current Account	Cheques or day-to-day payments (overdraft facility available depending on credit standing). Payment flexibility mostly available in major currencies (US\$ and IDR).
Time Deposit	Safe return with higher interest rate. Wide range of currencies and tenors.



HSBC in Indonesia

Overview

The HSBC Group in Indonesia is represented by:

– **The Hongkong and Shanghai Banking Corporation Limited, Indonesia (IMO).**

IMO has operated in Indonesia since 1884, offering a broad range of banking and financial services to multinational corporations, local businesses and individual customers. IMO serves its customers through 107 service outlets with main branches in 5 major cities.

– **PT HSBC Securities Indonesia (HCID).**

HCID was established in 1989 and is 85% ultimately owned by the HSBC Group. It is licensed as a broker/dealer of securities and underwriter, with primary services in advisory and debt capital markets.

– **PT Bank Ekonomi Raharja Tbk (BER).**

A publicly-listed bank, BER was acquired in May 2009 and is 98.9% ultimately owned by the HSBC Group. Its strength is in serving domestic SME and self-employed segments through its 92 service outlets in 27 cities.

Awards for Excellence

- Best International Trade Bank in Indonesia – Trade Finance Magazine (2009-2011).
- Best International Cash Management Bank in Indonesia – Euromoney (2008-2010).
- Best Foreign Islamic Finance Bank in Indonesia (Alpha South East Asia Awards, 2010).
- Country Award for Best Corporate/Institutional Internet Banking in Indonesia – Global Finance Awards (2009-2010).
- Overall Bank – Best Foreign Bank in Indonesia (Alpha South East Asia, 2009).
- Best Co-brand card for HSBC Airasia card (Lafferty Award, 2009).

Corporate Sustainability

HSBC Kita is part of HSBC Group's global commitment to community enhancement in Indonesia based on 5 pillars: Community Investment, Risk Management, Business Development, Carbon Footprint and People & Diversity.

HSBC Global Network

The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group, with over 8,000 properties in 87 countries and territories and is one of the world's largest banking and financial services organisations.



Country overview

<i>Capital city</i>	Jakarta
<i>Area and population</i>	Area of 1,919,440 sq km and population of 238 million
<i>Language</i>	Indonesian
<i>Currency</i>	Rupiah
<i>International dialling code</i>	+62
<i>National Holidays</i>	National Holidays in 2012
<i>New Year</i>	1 January
<i>Chinese New Year</i>	23 January
<i>Prophet's Birthday</i>	5 February
<i>Nyepi Day</i>	23 March
<i>Good Friday</i>	6 April
<i>Waisak Day</i>	6 May
<i>Ascension Day of Christ</i>	17 May
<i>Lailiat Al Mi'Raj</i>	17 June
<i>Independence Day</i>	17 August
<i>Eid Al Fitr</i>	19-20 August
<i>Eid Al Adha</i>	26 October
<i>Islamic New Year</i>	15 November
<i>Christmas Day</i>	25 December
<i>Business and banking hours</i>	8.30am to 5.00pm (Monday to Friday)
<i>Stock Exchange</i>	Indonesia Stock Exchange
<i>Political structure</i>	Unitary Presidential Republic
<i>Economic statistics</i>	Current GDP: 6.5%. Foreign Direct Investment value for 2011 estimated at US\$19,475.5 million*

*www. BKPM statistic and publication



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