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INDONESIA NEW STAMP DUTY LAW

The COVID 19 pandemic situation has caused economic shock all over the world, including Indonesia, which in turn caused state revenues to decline drastically, due to the shortfall of tax and non-tax revenues. In order to generate more income, the Indonesian Government has introduced Law No. 10 of 2020 on Stamp Duties (the "**Stamp Duty Law**") which came into effect on 1 January 2021 to replace Law No. 3/1985 (the "**1985 Stamp Duty Law**") which has not been amended for 35 years and is deemed not in line with technological developments. The Stamp Duty Law is also intended to help the community and Small and Medium Enterprises by exempting transaction documents with nominal value of up to IDR 5 million.

The Stamp Duty Law stipulates that stamp duties shall be affixed for one time to all documents used to elaborate upon civil-related events or which are used as evidence in court (whether in hard copy or electronic form) with a flat tariff of IDR 10,000 regardless of the transaction values stated in documents, whereas the 1985 Stamp Duty Law in conjunction with Government Regulation No. 24 of 2000 adopts a two-tariff system, namely a Rp 3,000 stamp duty for documents regarding matters worth between IDR 250,000 and IDR 1 million and IDR 6,000 for documents regarding matters worth more than IDR 1 million.

The Stamp Duty Law broadly covers documents concerning civil matters such as:

a. Agreements, certificates, statement letters, or other similar letter and their copies;
b. Notarial deeds, as well as their executorial deeds (*grosse*) and copies; and
c. Deeds that are drawn-up by land-deed officials and their copies.
d. Securities under any name and in any form;
e. Securities transaction documents, including transaction documents for futures contracts;
f. Auction documents in the form of minutes of auction excerpt, minutes of auction, minutes of auction copy, and minutes of auction executorial deeds (*grosse*);
g. Documents stating sums of money in nominal values that exceed IDR 5 million and which address the receipt of money or which contain acknowledgment on full or partial payments or calculations of loans; and
h. Documents which are to be used as evidence in court.

The stamp duty is to be paid via the following media:

a. Stamps, including affixed stamp duty (*meterai tempel*), electronic stamps or other forms of stamp as determined by the Minister of Finance; or
b. Tax-payment slips.

Electronic stamps shall possess their own unique codes and certain information, it is intended to cover electronic commercial transaction documents with an amount exceeding IDR 5 million and its implementation will be regulated in an incoming Minister of Finance Regulation. However, as of January 2021 Indonesian Minister of Finance, Sri Mulyani Indrawati said in a statement that the electronic stamps is yet to be implemented on the grounds that the implementing regulation on electronic stamps are yet to be promulgated and the infrastructure for electronic stamps, is not yet ready.

The Stamp Duty Law will have 1 (one) year of transition period, whereas all affixed duty stamps printed under the 1985 Stamp Duty Law can still be used until 1 January 2022 by affixing multiple stamps until the value amounts to at least IDR 9,000 instead of the required IDR 10,000 (e.g., IDR 6,000 stamp and IDR 3,000 stamp, 2 (two) of IDR 6,000 stamps, or 3 (three) of IDR 3,000 stamps), however such duty stamps cannot be sold or traded in any way or form after 1 January 2021.