REGULATORY UPDATES
DUE TO THE IMPACT OF COVID-19

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A. Introduction

Against the background of the impacts and continuous risks of COVID-19 in Indonesia, the Indonesian Government has elaborated and published a series of new regulations to adjust the legal framework conditions to the current challenging situation for all stakeholders of the society. In this overview, EKONID presents and informs about new regulations with relevance to the private sector. Please let us know, in case you have any questions, remarks or require information on one or more areas that have not been covered yet in this document. We will continuously update and further develop the overview according to your needs.

Disclaimer:
In this Regulatory Update we attempt to provide latest information available on the COVID-19 related regulations issued by the Government of Indonesia. Although we make every effort to ensure the accuracy of such information, we cannot guarantee its correctness and completeness.

B. Taxation

1) Taxation Policy in Perppu 1/2020

To safeguard national economy, President Joko Widodo issued Government Regulation in Lieu of Law Number 1 of 2020 on State Financial Policy and Financial System Stability in Relation to the Handling of Coronavirus 2019 (COVID-19) Pandemic (“Perppu 1/2020”), which came into force on March 31, 2020. One of many substantial policies addressed in Perppu 1/2020 is taxation policy, as follows:

Corporate Income Tax

Based on the Perppu 1/2020, the Indonesian Government provides a reduction of Corporate Income Tax to 22% (twenty two percent) from the current 25% (twenty five percent) for companies and permanent establishment (BUT), which applies for Tax Year 2020 and 2021. Further, for Tax Year 2022 it will be 20% (twenty percent).

Public companies listed on Indonesia Stock Exchange (IDX) that sell more than 40 percent of their shares to the public and meet certain requirements will be eligible for an additional 3% (three percent) reduction.

E-Commerce Tax

With the issuance of this regulation, domestic and foreign online business practitioners that conduct e-commerce activities in Indonesia will be charged:

- value added tax (VAT) on taxable intangible goods and/or services sold through their e-commerce platforms.
- income tax or electronic transaction tax on their e-commerce activities.

Foreign online business practitioners with a significant economic presence in Indonesia can be treated as permanent establishments, which will be determined by their gross circulation of business group consolidation, sales and/or active users in Indonesia. They will be subject to Indonesian taxation regulations.
In the event that the Indonesian government not able to determine certain foreign online business practitioners as permanent establishments due to the tax treaty with other countries, then they will be charged an electronic transaction tax on their company sales in Indonesia.

Further provisions regarding the rate, object and calculation of the income tax and the electronic transactions tax will be regulated through the Government Regulation (Peraturan Pemerintah - PP).

Under the Perppu 1/2020, domestic and foreign online business practitioners that fail to comply with the provisions will be subject to:

- administrative sanctions in accordance with prevail Indonesian taxation regulations
- termination of companies’ access by the Minister of Communication and Information.

**Taxation Obligations**

According to this regulation, due to the COVID-19 pandemic, the Indonesian government provide relaxation to taxpayers that related to the extension of filing an objection to tax payments and returning tax overpayments due to the COVID-19 pandemic.

For the submission of objections, the Indonesian government decided that the due date for the submission of the objection was extended to a maximum of 6 months. Meanwhile, the due date for returning tax overpayments has now been extended for a maximum of 1 month.

Further, the due date for requesting the return of overpayment of taxes, filing an objection letter, as well as requesting reduction or elimination of administrative sanctions, cancellation of incorrect tax assessments, and cancellation of inspection results will be extended for a maximum of 6 months.

The severity period due to the COVID-19 pandemic refers to the determination of the Indonesian government through the Head of the National Disaster Management Agency (Badan Nasional Penanggulangan Bencana - BNPB).

**Import Duties Exemption**

The Perppu 1/2020 stipulates that the Minister of Finance has an authority to grant exemptions or relaxations of import duties, which in the context of handling the COVID-19 pandemic and facing threats that endanger the national economy and/or financial system stability.

With this authorization, changes to imported goods which are exempted from import duties based on their intended use under the Article 25 Paragraph (1) and Article 26 Paragraph (1) of the Customs Law, will now be regulated through the Regulation of the Minister of Finance (Peraturan Menteri Keuangan - PMK).

2) **Government Expands Taxation Incentives**

By paying attention to the development of economic conditions in Indonesia, especially with the increasingly widespread impact of the COVID-19 pandemic to other sectors, including Small and Medium-sized Enterprises (“SMEs”), it is necessary to expand tax incentives.
Therefore, the Indonesian government through the Ministry of Finance issued Regulation of Minister of Finance No. 44/PMK.03/2020 on Taxation Incentives for Taxpayers Affected by the COVID-19 Pandemic ("PMK 44/2020"), which came into force on April 27, 2020.

PMK 44/2020 revokes the Regulation of Minister of Finance No. 23/PMK.03/2020 on Taxation Incentives for Taxpayers Affected by the COVID-19 ("PMK 23/2020") due to not suitable with current developments in the context of handling the COVID-19 pandemic.

Under the PMK 44/2020, the Indonesian government grants the following tax incentives:

### Article 21 Income Tax Borne by the Government

With the issuance of PMK 44/2020, the list of business classifications code ("KLU code") that eligible to obtain Article 21 Income Tax borne by the government ("Article 21 Income Tax DTP") expands to 1,062 business fields, which previously only 440 business fields under PMK 23/2020.

The Indonesian government will cover Article 21 Income Tax from employees which was originally cut from the employees’ income. Employees are first required to fulfill the following criteria in order to obtain Article 21 Income Tax DTP:

- Employees who receive income from employers:
  - that have a KLU code as listed in appendix A of PMK 44/2020;
  - are determined as Export-Oriented Import Facilities ("KITE") companies based on the Decree of the Minister of Finance; or
  - that have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur permit, or a permit for Entrepreneur in Bonded Zone also acts as Operator in Bonded Zone ("PDKB permit").
- Have a Taxpayer Identification Number ("NPWP"); and
- Receive or obtain annual gross income which does not exceed IDR 200 million in the related tax year.

The KLU code as mentioned above in this section is in accordance with the KLU code stated in:
- Annual Tax Return ("SPT") of Income Tax for 2018 that has reported by the employer; or
- Masterfile of Taxpayer, for new taxpayers registered after 2018 or for government agencies.

Article 21 Income Tax DTP must be paid in cash by the employers at the time of payment of income to the employees and it will not be calculated as taxable income. Further, this incentive will be granted since the Tax Period of April 2020 until September 2020.

In the event that an employee who receives Article 21 Income Tax DTP submits the Annual Personal Income Tax Return for the 2020 Tax Year and declares overpayment, then the overpayment originating from Article 21 Income Tax DTP is non-refundable.

These are procedures to implement incentive of Article 21 Income Tax DTP:

- employers must submit notifications using the format as stipulated in appendix C of PMK 44/2020 to the Head of Tax Service Office ("KPP") where the employers are registered through www.pajak.go.id ("DJP Online").
- For KITE companies, said notifications must be submitted by employers and shall attach the Decree of the Minister of Finance concerning their determination as KITE companies.
For Bonded Zone Operator, Bonded Zone Entrepreneur or Entrepreneur in Bonded Zone also acts as Operator in Bonded, said notifications must be submitted by employers and shall attach the Decree of the Minister of Finance concerning their permit.

Employers are required to make Tax Payment Slips or Printed Billing Code affixed with official stamp along with the following statement: “PPh PASAL 21 DITANGGUNG PEMERINTAH EKS PMK NOMOR .../PMK.03/2020”.

It should be noted that employers must submit reports on the realization of Article 21 Income Tax DTP using the form under appendix E of PMK 44/2020 through DJP Online, along with the Tax Payment Slips or Billing Codes, no later than the 20th of the following month after the tax period ends.

**Final Income Tax borne by the Government for SMEs**

This incentive is intended for SMEs taxpayers with a turnover of below 4.8 billion rupiah in the form of Final Income Tax of 0.5% borne by the Government (“Final Income Tax DTP”). Thus, said SMEs taxpayers does not need to make a tax payment and the tax collector will not deduct tax.

The Final Income Tax DTP received by the taxpayer is not counted as income subject to tax and this incentive is given for the Tax Period of April 2020 until September 2020.

In order to obtain this incentive, said SMEs taxpayers must submit applications using the format as stipulated in appendix G of PMK 44/2020 to the Directorate-General of Tax through DJP Online.

The tax collector must make Tax Payment Slips or Printed Billing Code affixed with official stamp along with the following statement: “PPh FINAL DITANGGUNG PEMERINTAH EKS PMK NOMOR .../PMK.03/2020”.

SMEs taxpayers must submit reports on the realization of Final Income Tax DTP using the form under appendix H of PMK 44/2020 through DJP Online, along with the Tax Payment Slips or Billing Codes, no later than the 20th of the following month after the tax period ends.

**Exemption of Article 22 Income Tax on Import**

Based on PMK 44/2020, the list of KLU code that entitled to be exempted from the imposition of Article 22 Income Tax on Import expands to 431 business fields, which previously only 102 business fields in PMK 23/2020.

The Article 22 Income Tax on import is levied by the Foreign Exchange Bank or the Directorate General of Customs and Excise when the taxpayers import goods. With the issuance of this regulation, these are the criteria of taxpayers who can be exempted from the Article 22 Income Tax on import:

- Taxpayers that have a KLU code as listed in appendix I of PMK 44/2020;
- Taxpayers are determined as KITE companies based on the Decree of the Minister of Finance; or
- Taxpayers that have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur permit, or a PDKB permit.

The KLU code as referred to in this section is in accordance with the KLU code stated in:
- Annual SPT of Income Tax for 2018 that has reported by the employer; or
- Masterfile of Taxpayer, for new taxpayers registered after 2018.
These are procedures to obtain this incentive:

- taxpayers must submit applications for a Certificate of Exemption of Article 22 Income Tax on Import Collection ("SKB Pemungutan") through DJP Online by using the form under appendix J of PMK 44/2020. The incentive period is valid from the date of issuance of the Certificate of Exemption until 30 September 2020.
- For KITE companies, said applications must be submitted by taxpayers and shall attach the Decree of the Minister of Finance concerning their determination as KITE companies.
- For Bonded Zone Operator, Bonded Zone Entrepreneur or Entrepreneur in Bonded Zone also acts as Operator in Bonded, said applications must be submitted by taxpayers and shall attach the Decree of the Minister of Finance concerning their permit.

On a three-monthly basis, taxpayers are required to submit realization reports concerning the exemption of Article 22 Income Tax on Import using the form as set out in appendix M of PMK 44/2020 through DJP Online by no later than:

- July 20, 2020, for the Tax Period of April 2020 until June 2020; and
- October 20, 2020, for the Tax Period of July 2020 until September 2020.

**Deduction of Article 25 Income Tax Installment**

Under the PMK 44/2020, the government included 846 business fields in the list of KLU code that entitled to obtain 30% deduction to their Article 25 Income Tax installment. The criteria are as follows:

- Taxpayers that have a KLU code as listed in appendix N of PMK 44/2020;
- Taxpayers are determined as KITE companies based on the Decree of the Minister of Finance; or
- Taxpayers that have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur permit, or a PDKB permit.

The aforementioned KLU code in this section is in accordance with the KLU code stated in:

- Annual SPT of Income Tax for 2018 that has reported by the employer; or
- Masterfile of Taxpayer, for new taxpayers registered after 2018.

The notification for deduction of Article 25 Income Tax installment must be submitted by the taxpayers using the format as stipulated in appendix C of PMK 44/2020 to the Head of KPP where the taxpayers are registered through DJP Online.

Further, the taxpayers are obliged to submit realization reports on the deduction of Article 25 Income Tax installments every 3 (three) months through DJP Online, which said reports use the form under appendix P of PMK 44/2020 and no later than:

- July 20, 2020, for the Tax Period of April 2020 until June 2020; and
- October 20, 2020, for the Tax Period of July 2020 until September 2020.
Preliminary Refund of Value Added Tax (VAT) overpayment

The Value Added Tax (VAT) incentive in the form of preliminary refunds of tax overpayments as Low-Risk Taxable Entrepreneur ("Low-Risk PKP") will be granted by the government to the following criteria of taxpayers:

- fulfill the criteria as referred to in the section of Exemption of Article 22 Income Tax on Import; and
- those who have submitted a SPT of VAT for overpaid restitution with a maximum overpayment amount of IDR 5,000,000,000.00 (five billion rupiah).

The Low-Risk PKP will be granted a preliminary refund with the following conditions:

- Taxable Entrepreneur are not required to submit any applications for determination as Low-Risk PKP;
- The Director-General of Tax will not issue any Decree on determination as Low-Risk PKP; and
- Taxable Entrepreneur must be operating within certain business sectors as listed in appendix I of PMK 44/2020, or must still be in possession of valid KITE facilities or valid Bonded Zone permits at the time of submission of the relevant notification of overpayment for restitution.

For employers or taxpayers who have submitted notifications for Article 21 Income Tax DTP and/or deduction of Article 25 Income Tax Installment based on PMK 23/2020, then employers or taxpayers do not need to re-submit notifications.

Meanwhile, for employers or taxpayers that have submitted applications for the SKB Pemungutan and/or the SKB Pemungutan has issued based on PMK 23/2020, therefore they do not need to re-submit applications.

It should be noted that employers or taxpayers who have been approved to obtain taxation incentives in accordance with PMK 23/2020, then they still entitled to enjoy the tax incentives. However, they must submit the realization reports based on the provisions under PMK 44/2020.

3) Tax Holiday

To support the achievement of development targets while remaining adaptive in facing economic risks after the dynamics of economic and political uncertainty in 2019, on February 17, 2020, the Indonesia’s Minister of Finance, Mrs. Sri Mulyani announced 18 (eighteen) sectors that could submit tax holidays directly to the Indonesia Investment Coordinating Board (BKPM).

For information, the 18 (eighteen) sectors, namely the pioneering industry which includes:

1. the upstream base metal industry;
2. oil and gas refining or refining industry;
3. petrochemical industry based on oil and gas and coal;
4. organic basic chemical industry sourced from agricultural, plantation or forestry products;
5. basic inorganic chemical industry;
6. the main pharmaceutical raw material industry;
7. industrial manufacturing of irradiated, electromedical or electrotherapy equipment;
8. machine manufacturing industry and main engine components;
9. the industry makes major components of electronic / telematics equipment such as semiconductor wafers, backlights for Liquid Crystal Display (LCD), electrical drivers or displays;
10. industrial robotics manufacturing components supporting manufacturing machinery manufacturing;
11. industrial manufacturing of main components of electric power generation machines;
12. motor vehicle manufacturing industry and major components of motor vehicles;
13. ship’s main component manufacturing industry;
14. the main components of the railroad manufacturing industry;
15. the industry of making the main components of an aircraft, and aerospace support activities;
16. processing industries based on agricultural, plantation or forestry producing pulp;
17. economic infrastructure; and
18. digital economy includes data processing, hosting, and activities related to it.

*It should be noted that this is still in the form of announcement issued by the Indonesia’s Minister of Finance, so far there has been no form of regulation issued.

C. Financial Authority

1) Financial Services Stimulus


This regulation stated that the development of the spread of coronavirus disease 2019 (COVID-19) has a direct or indirect impact on the performance and capacity of debtors including micro, small and medium business debtors, thus potentially disrupting banking performance and financial system stability which can affect economic growth. Therefore, to encourage the optimization of the banking intermediary function, maintain financial system stability, and support economic growth, an economic stimulus policy is needed as a countercyclical impact of the spread of COVID-19.

The main points in POJK Stimulus Impact COVID-19 include:

a. This POJK applies to BUK, BUS, UUS, BPR and BPRS.
b. Banks can implement policies that support economic growth stimulus for debtors affected by the spread of COVID-19, including MSME debtors, while still observing the precautionary principle.
c. Debtors affected by the spread of COVID-19, including MSME debtors, are debtors who have difficulty fulfilling obligations to the Bank because debtors or business debtors are directly or indirectly affected by the spread of COVID-19 in the economic sectors including tourism, transportation, hospitality, trade, processing, agriculture and mining.
d. The intended stimulus policy consists of:
   - Assessment of credit quality / financing / provision of other funds only based on the accuracy of payment of principal and / or interest for credit / financing / other fund provision with a ceiling of up to Rp. 10 billion; and
   - Improving the quality of credit / financing becomes smooth after being restructured during the validity period of POJK. The terms of this restructuring can be applied by the Bank regardless of the credit / financing ceiling limit or type of debtor.
e. The method of credit / financing restructuring is carried out as stipulated in OJK regulations regarding asset quality assessment, among others by:
   - decrease in interest rates;
   - extension of the term;
   - reduction of principal arrears;
   - reduction of interest arrears;
addition of credit / financing facilities; and / or
conversion of credit / financing to Temporary Equity Participation.

f. Banks can provide credit / financing / provision of other new funds to debtors who have received special treatment in accordance with this POJK by determining the quality of credit / financing / provision of other funds carried out separately from the quality of credit / financing / provision of other previous funds.

g. The Bank submits periodic reports on the application of this POJK for Supervisor monitoring since the position data at the end of April 2020.

h. POJK Stimulus Impact COVID-19 came into force since the enactment until March 31, 2021.

2) Financial Sector Policy in Perppu 1/2020


Perppu 1/2020 stipulates additional authority from the Central Bank of Indonesia (Bank Indonesia - BI), the Indonesia Deposit Insurance Corporation (Lembaga Penjamin Simpanan - LPS), and the Indonesia Financial Services Authority (Otoritas Jasa Keuangan - OJK) to support the implementation of the Financial System Stability Committee (Komite Stabilitas Sistem Keuangan - KSSK) authority in the framework of handling financial system stability issues, as follows:

Central Bank of Indonesia (BI)

a. Granting short-term liquidity loans or short-term liquidity financing based on sharia principles to systemic and non-systemic banks.

b. Granting Special Liquidity Loans to systemic banks that are experiencing liquidity crisis and do not meet the requirements for providing short-term liquidity loans or short-term liquidity financing based on sharia principles.

c. Purchase long-term Government Bonds and / or Government Sharia Bonds within the primary market for handling financial system problems that endanger the national economy, including Government Bonds and / or Government Sharia Bonds issued for specific purposes, especially in the context of the COVID-19 pandemic.

d. Purchase/repurchase of state securities owned by the LPS for the cost of handling the solvency problems of systemic and non-systemic banks.

e. Regulates the obligation to receive and use foreign exchange for residents, including provisions concerning the transfer, repatriation and conversion of foreign exchange in order to maintain macroeconomic and financial system stability, which will be regulated by the Regulation of the Bank of Indonesia (Peraturan Bank Indonesia - PBI).

f. Providing funding access to corporations / private entities through the repurchase of government bonds or state sharia securities owned by corporations / private sector through banks.
Indonesia Deposit Insurance Corporation (LPS)

a. Preparations for the handling of the crisis and increasing the intensity of joint-preparations with the OJK for handling bank solvency issues.

b. Take action:
   - Sale / repurchase of Government Securities owned by the BI;
   - Issuance of debt securities;
   - Issuance of loans to other parties; and/or
   - Issuance of loans to the Government, in the event that the LPS is expected to experience liquidity crisis for handling failed banks;

c. Making a decision to make or not save a bank other than a Systemic Bank which is declared a failed bank by considering, among others, economic conditions, the complexity of bank problems, the need for handling time, the availability of investors, and/or the effectiveness of handling bank problems and not only considering the estimated costs the lowest (least cost test).

d. Formulate and implement a deposit guarantee policy for a group of customers by considering the source of funds and/or deposit allocation, as well as the amount of value guaranteed for those groups of customers that is regulated by the Government Regulation.

Further provisions regarding the implementation of the authority of the LPS in the framework of implementing measures to deal with financial system stability issues are regulated by the Government Regulation.

Under the Perppu 1/2020, the Government is granted the authority to provide loans to the LPS, which is carried out in the event that the LPS experiences liquidity problems that endanger the national economy and financial system as a result of the COVID-19 pandemic.

Indonesia Financial Services Authority (OJK)

a. Provide written orders to financial service institutions to conduct mergers, consolidations, expropriations, integration and/or conversions.

b. Determine exemptions for certain parties from the obligation to carry out the transparency principle within the capital market in the context of preventing and handling financial system crisis.

c. Set the provisions regarding the use of information technology in holding General Meeting of Shareholders or other meetings based on the provisions of the legislation that must be carried out by the financial service industry players.

Further provisions regarding the implementation of the authority of the Financial Services Authority in the framework of implementing financial system stability policies are regulated by the OJK Regulation (Peraturan OJK).

Any activities which violate the authorities of the OJK as mentioned above will be subject to criminal sanctions, as follows:
For individual persons: Minimum terms of imprisonment of four years and maximum fines of IDR 10 billion or minimum terms of imprisonment of 12 years and maximum fines of IDR 300 billion; and

For corporations: Minimum fines of IDR 1 trillion.

3) OJK issued Implementing Regulation on Written Order for Handling Bank Issues

In order to carry out the provision in Article 23 paragraph (2) of Government Regulation in Lieu of Law Number 1 of 2020 on State Financial Policy and Financial System Stability for Mitigation of the COVID-19 Pandemic (“Perppu 1/2020”), the Indonesia Financial Services Authority (“OJK”) issued Regulation of OJK No. 18/POJK.03/2020 on Written Order for Handling Bank Issues (“POJK 18/2020”), which came into force on April 21, 2020.

The scope of POJK 18/2020 applies to Banks, namely Conventional Commercial Banks (“BUK”), Sharia Commercial banks (“BUS”), Conventional Rural Banks (“BPR”), Sharia Rural Banks (“BPRS”), and Branch Offices of Banks domiciled overseas.

POJK 18/2020 addresses the following matters:

**Bank Criteria Based on OJK Assessment**

In handling bank issues, the OJK is authorized to give written orders to banks to:

a. conduct Merger, Consolidation, Acquisition, and/or Integration for banks that meet the following criteria:

   • Banks which based on the assessment of the OJK, are experiencing financial problems that can disrupt business continuity or are deemed incapable of dealing with current or future pressures; and/or
   • Banks with controlling shareholders who do not have the ability to make efforts to strengthen the Bank.

b. accept Merger, Consolidation, Acquisition, and/or Integration for banks that meet the following criteria:

   • The bank health level of BUK or BUS after receiving Merger, Consolidation, Acquisition, and/or Integration, the lowest Composite Rating 3 (PK-3);
   • BPR’s bank health level after receiving the Merger or Consolidation, the lowest is Fairly Healthy; or
   • The bank health level of BPRS after receiving Merger or Consolidation, the lowest Composite Rating 3 (PK-3).

**Corporate Action Plan as Follow-up Written Order**

- Banks that are given Written Orders must compile an action plan to follow-up on the Written Orders, which at least contain a series of processes and timelines for Merger, Consolidation, Acquisition, and/or Integration until it become effective, as stipulated in the applicable OJK.
regulations.

- Banks that are given Written Orders convey information on the progress of the implementation of the action plan to the Financial Services Authority.
- Banks that are given Written Orders must carry out and maintain the smooth Merger, Consolidation, Acquisition, and/or Integration process in accordance with the action plan.

**Procedures of Merger, Consolidation, Acquisition, and/or Integration**

Requirements and procedures for Merger, Consolidation, Acquisition, and/or Integration are carried out in accordance with the relevant OJK regulations, unless otherwise stipulated in this POJK 18/2020, as follows:

a. The Bank may make a summary announcement of the draft Merger, Consolidation, Acquisition, and/or Integration in the Indonesian language daily newspaper and its details on the Bank's website;
b. Banks can hold RUPS and/or other meetings related to the Merger, Consolidation, Acquisition, and/or Integration process through face-to-face online;
c. In the event that the GMS and/or other meetings are held through face-to-face online, the Bank must determine the location of the GMS and/or other meetings related to the Merger, Consolidation, Acquisition, and/or Integration process in the territory of the Republic of Indonesia;
d. Implementation of clarification for Fit and Proper Test for candidates of controlling shareholders, board of directors, and board of commissioners ("Main Parties") of the Bank resulting from the Merger, Consolidation, Acquisition, and/or Integration, conducted through face-to-face online;
e. Submission of documents and/or administrative requirements in the licensing process and/or reports on the implementation of the Merger, Consolidation, Acquisition, and/or Integration can be done by the Bank through official e-mail addressed to the OJK, in the case of the licensing and reporting system of the OJK is not yet available;
f. Banks are required to administer documents and administrative requirements that have submitted online to the OJK;
g. Banks are required to submit documents related to Merger, Consolidation, Acquisition, and/or Integration without attaching a permit application for Merger, Consolidation, Acquisition, and/or Integration.

**Share Valuation and Conversion**

The Bank that will conduct and the Bank that receives the Merger, Consolidation, Acquisition, and/or Integration can consider the share valuation and conversion agreement based on:

- fair market value; or
- the results of the Bank's internal assessment or an independent third party assessment.

In the event that there is no agreement reached, the share valuation and conversion shall be determined based on a reasonable valuation from the Bank that receiving the Merger, Consolidation, Acquisition, and/or Integration.
Exception for Conventional and Sharia Commercial Banks

BUK or BUS given Written Orders to conduct or accept Merger, Consolidation, Acquisition, and/or Integration, can be exempted from the provisions regarding:

- sole ownership in Indonesian banking;
- ownership of commercial bank shares; and/or
- the deadline to meet minimum core capital, as stipulated in the OJK regulation concerning consolidation of commercial banks.

Exception for Conventional and Sharia Rural Banks

In the event that BPB or BPRS given a Written Order is located within a province that borders directly, then the office network of said BPR or BPRS can still be maintained in accordance with the existing office network.

Exception for Banks with Status as Public Companies

Banks with status as public companies that are given a Written Order to conduct or accept a Merger, Consolidation, Acquisition, and/or Integration can be exempted from the obligation regarding openness with the approval of the OJK.

Sanctions in the Corporate Action Plan as Follow-up Written Order

Banks and/or Main Parties of Banks that do not implement the provisions on Corporate Action Plan as Follow-up Written Order will be subjected to administrative sanctions in the form of a warning letter. In the event that the Bank and/or Main Parties of Banks have been subjected to administrative sanctions and still does not implement the provisions, then:

a. Banks are subject to sanctions in the form of:

   - for BUK will be determined as BPR or BPRS based on the decree of the OJK.
   - for BUS, it will be determined as BPRS based on the decree of the OJK.
   - for BPR or BPRS, some business activities will be suspended.

b. The main parties of the Bank may be subject to sanctions in the form of:

   prohibition as the Main Parties of Banks in accordance with prevail OJK regulations.

Sanctions in the Procedures of Merger, Consolidation, Acquisition, and/or Integration

Banks and/or Main Parties of Banks that do not carry out the provisions as referred to above in letter f and/or letter g are subject to sanctions in the form of:

a. For Banks: warning letter;

b. For Main Parties of Banks: prohibition as the Main Parties of Banks in accordance with prevail OJK regulations.
D. Export

1) Temporary Export Ban for Antiseptic, Mask Raw Material, Personal Protective Equipment, and Masks

The Ministry of Trade issued Regulation of Minister of Trade Number 34 of 2020 on Second Amendment to Regulation of Minister of Trade Number 23 of 2020 on Temporary Export Ban for Antiseptic, Mask Raw Material, Personal Protective Equipment, and Masks (Regulation 34/2020), which came into force on April 1, 2020 and retroactively effective since March 18, 2020.

With the issuance of Regulation 31/2020, Exporters are temporarily banned from exporting:

<table>
<thead>
<tr>
<th>Tariff Post</th>
<th>Description of Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Non-denatured ethyl alcohol with an alcohol content of 80% or more by volume; ethyl alcohol and other alcohols, denatured at any level.</td>
</tr>
<tr>
<td>22.07</td>
<td>Non-denatured ethyl alcohol with an alcohol content of 80% or more by volume</td>
</tr>
<tr>
<td>2207.10.00</td>
<td>Ethyl alcohol and other alcohols, denatured at any level</td>
</tr>
<tr>
<td>2207.20</td>
<td>Ethyl alcohol with an alcohol content exceeds 99% by volume</td>
</tr>
<tr>
<td>2207.20.11</td>
<td>Etc.</td>
</tr>
<tr>
<td>2207.20.19</td>
<td>Etc.</td>
</tr>
<tr>
<td>B</td>
<td>Medicine (not including goods of tariff post 30.02, 30.05 or 30.06) consist of mixed products or not for therapeutic or prophylactic purposes, prepared in certain doses (including in the form of a transdermal distribution system) or in the form or package for retail sale.</td>
</tr>
<tr>
<td>30.04</td>
<td>Etc.</td>
</tr>
<tr>
<td>3004.90</td>
<td>Antiseptic hand rub, hand sanitizer and the like which are alcohol based</td>
</tr>
<tr>
<td>Ex.3004.90.30</td>
<td>Etc.</td>
</tr>
<tr>
<td>C</td>
<td>Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant growth regulators, disinfectants and similar products, prepared in the form or package for retail sale or as preparations or goods (for example ribbons, wicks and candles processed with sulfur, and fly paper ).</td>
</tr>
<tr>
<td>38.08</td>
<td>Disinfectant</td>
</tr>
<tr>
<td>3808.94</td>
<td>Hand rub, hand sanitizer and the like contain a mixture of coal tar and alkali acids</td>
</tr>
<tr>
<td>Ex.3808.94.10</td>
<td>Hand rub, hand sanitizer and the like in aerosol packaging</td>
</tr>
<tr>
<td>Ex.3808.94.20</td>
<td>Hand rub, hand sanitizer and the like other than those containing a mixture of coal tar and alkali acids, and not in aerosol packaging</td>
</tr>
<tr>
<td>D</td>
<td>Nonwovens, whether or not impregnated, coated, covered, laminated or not.</td>
</tr>
<tr>
<td>56.03</td>
<td>Non-woven meltblown nonwoven fabric is made from artificial filaments weighing not more than 25 g / m2</td>
</tr>
<tr>
<td>Ex.56.03.11.00</td>
<td>Non-woven meltblown nonwoven fabric made from materials other than artificial filaments weighing not more than 25 g / m2</td>
</tr>
<tr>
<td>62.10</td>
<td>Garments, made from fabrics of tariff post 56.02, 56.03, 59.03, 59.06, or 59.07.</td>
</tr>
<tr>
<td>6210.10</td>
<td>Made from fabrics of tariff post 56.02, 56.03</td>
</tr>
</tbody>
</table>
This temporary export ban is valid until June 30, 2020. Furthermore, Exporters who violate the provisions will be subject to sanctions in accordance with the prevailing regulations.

In necessary conditions, the Minister of Trade can determine an exemption to the provisions in this regulation, which is carried out after coordination with the relevant ministries or non-ministerial government institutions. To obtain an exemption, the Exporter must submit an application electronically to the Director-General of Foreign Trade through http://inatrade.kemendag.go.id.

E. Import

1) Exemptions of Customs and Excise for Import Goods Related to COVID-19 Countermeasures

The Directorate General of Customs and Excise (DJBC) of the Ministry of Finance, together with the National Disaster Management Agency (BNPB), have set a joint Standard Operational Procedure to accelerate the import of goods in response to the COVID-19 pandemic. This is regulated in BNPB Decree Number 01/BNPB/2020 and DJBC Decree Number 113/BC/2020 which came into force on March 20, 2020, and will last until the end of certain emergency situations as determined by the government.

The ease of the import of goods relates to COVID-19 countermeasures in the form of exemption from import customs and excise, Value Added Tax (PPN) and/or Sales Tax on Luxury Goods (PPnBM), 22 Import Income Tax (PPh 22), and also import procedure (Tata Niaga Impor) for individuals/private companies that import for commercial activities.

Goods related to COVID-19 countermeasures are all items recommended by BNPB including - as mentioned by Minister of Finance Mrs. Sri Mulyani Indrawati in a press conference about APBN on March 18, 2020 - medical devices, Personal Protective Equipment, masks, and hand sanitizer.

This import facility can be used by the State Government, Local Government (Pemda), Public Service Agency (BLU) in scheme A, foundations or non-profit institutions in scheme B, and individuals/private parties in scheme C. Moreover, individuals/private parties that import for commercial activities shall follow scheme D.

The provisions for each scheme as follows:

Scheme A

First, the Central Government, Local Government and BLU submit an application for an exception recommendation to the National Disaster Management Agency (BNPB) for imported goods subject to the provisions of the import trading system.
Secondly, BNPB issues a letter of recommendation for the exclusion of import trading systems.

Third, the Ministry/Institution (K/L) submits an application to the Regional Office of the DJBC of the Entry point in accordance with the Regulation of the Minister of Finance (PMK) 171 / PMK.04 / 2019.

Fourth, the issuance of the Exemption (SKMK). The fourth step is carried out before the goods arrive.

After the goods arrive, or the fifth step, the applicant must submit the Goods Import Notification document (PIB) by filling in the number and date of the SKMK, the number and the date of the recommendation of the BNPB in the case of being subjected to the provisions of the import trading system.

Sixth, goods are removed from the port of entry.

**Scheme B**

First, the foundation or non-profit organization submits a request for recommendation of exemption from import duty and / or excise as well as an exemption to BNPB for imported goods subject to the provisions of the import trading system.

Second, BNPB issues a letter of recommendation for exemption from import duty and / or excise as well as an exception to the provisions of the import trade system.

Third, the foundation or non-profit organization submits an application to the Director of Customs Facilities in accordance with PMK 70 / PMK.04 / 2012.

The fourth to sixth steps are the same as scheme A.

**Scheme C**

This applies to individuals / private entities that import for non-commercial purposes. Applicant(s) may receive the import facilities by proving the gift certificate that the goods are granted to government agencies through BNPB or non-profit foundations / institutions. If the goods are donated to BNPB as the government, BNPB will submit an application in accordance to scheme A. If the goods are donated to a non-profit foundation / institution, the non-profit foundation / institution submits an application in accordance with scheme B. These are followed the issuance of the SKMK. Which means that this is a process that must be fulfilled before the goods arrive.

After the goods have arrived, submit the Goods Import Notification document (PIB) by filling in the number and date of SKMK, number and date of recommendation of BNPB in the case of being subjected to the provisions of the import trading system with BNPB or non-profit foundation / institution as the name of the owner of the goods. Then, the goods can be removed from the port of entry. Another step that needs to be taken is to submit reports on the realization of imports and distribution to BNPB in the case of donations to BNPB.

**Scheme D**

For an individual / private parties that imports goods for commercial purposes, the individual / private party cannot obtain fiscal facilities and must pay import customs, excise and / or import tax (PDRI). However, the provisions on the import procedure (Tata Niaga Impor) can be done through BNPB.
2) Ease of Import on Medical Devices and Personal Protective Equipment

The Ministry of Trade, in cooperation with the BNPB, maintains the availability of medical devices and personal protective equipment in the midst of the outbreak of the novel coronavirus (COVID-19).

One of the steps taken by the Ministry of Trade is to accelerate the importation of medical devices and personal protective equipment by issuing Regulation of the Minister of Trade Number 28 of 2020 concerning the Eighth Amendment to the Regulation of the Minister of Trade Number 87 M-DAG/PER/10/2015 regarding Provisions on Importation of Certain Products.

With the issuance of this regulation, the Ministry of Trade provide relaxation of the importation of medical equipment and personal protective products. The relaxation of imports provided is an exception to the provisions of the Surveyor Report (LS) in the country of origin or the port of loading and restrictions on the port of entry so that the import of these products does not require any licensing. This relaxation will be given until June 30, 2020. The shipment of certain products only needs to be proven by the Bill of Loading (B/L).

The types of goods that are excluded from the LS provisions are:

- Room air freshener preparations containing disinfectants or not;
- Paper and tissue, impregnated or coated with deodorizers or cosmetics;
- Antiseptic products containing soap or not;
- Stocking for varicose sufferers, from synthetic fibers;
- Medical protective clothing;
- Clothing used for protection from chemicals or radiation);
- Surgical clothing;
- Examination gowns made from man-made fibers;
- Surgical masks;
- Other masks made of nonwoven material, other than surgical masks;
- Infrared thermometer; and
- Sanitary towels, sanitary tampons, baby diapers and similar articles of material other than textile, paper or pulp for disposables.

This regulation is a follow up to the issuance of Presidential Decree No. 9 of 2020. Through the Presidential Decree, Indonesian President Joko Widodo stipulates that the import of goods used for handling COVID-19 get special treatment in import regulations.

F. Investment

1) Ease of Business Licensing for Medical Device Industry and Pharmaceutical Industry

In order to support the Indonesian government policy to prevent the COVID-19 outbreak in Indonesia, the Head of Indonesia Investment Coordinating Board (BKPM), Mr. Bahlil Lahadalia issued Decree of the Head of Indonesia Investment Coordinating Board (BKPM) Number 86 of 2020 on Providing of Ease of Business Licensing for Certain Business Fields Related to Handling of the COVID-19 Outbreak (Decree 86/2020).
Under the Decree 86/2020, certain business fields related to the COVID-19 outbreak include the medical device industry and the pharmaceutical industry. Therefore, for the said business fields are granted the ease of business licensing in the form of:

a. reduction and/or facilitation of business licensing requirements;
b. acceleration on the business licensing process; and
c. special assistance services.

Decree 86/2020 shall come into force from April 1, 2020 until COVID-19’s emergency response status is declared to end based on the Decree of the Head of National Disaster Management Agency.

2) The Investment Command & Guard Center (Pusat Kopi)

On March 23, 2020, in the midst of efforts to prevent the spread of COVID-19, the Head of Indonesia Investment Coordinating Board (BKPM), Mr. Bahlil Lahadalia launched the Investment Command & Guard Center (Pusat Kopi). The Pusat Kopi is intended as a command or monitoring center for decision making in support of the response of important events.

Information that can be displayed in the Pusat Kopi, including social media & digital media sentiment, daily statistics on licensing requests through the Online Single Submission (OSS), Regional Investment Potential (PIR), tracking a company’s licensing status (end-to-end), licensing monitoring through OSS that is being processed by other ministries or agencies, as well as investment realization. The types of licenses monitored by BKPM include company registration, Business Registration Number (NIB), Business License (IU), and Commercial Operational License (IOK).

Another interesting function of the Pusat Kopi is that it can display potential investment data by region on the BKPM Regional Investment Potential (PIR) website www.regionalinvestment.bkpm.go.id. This potential can be aligned with investment realization data in Indonesia on a regular basis that also exists in the Pusat Kopi. The data of the value of this investment realization can be monitored both nationally and provincial / district / city. Then, the data can also be processed up to investment data by sector, country of origin, and business location.

In addition, the Pusat Kopi has several other facilities such as presentation rooms, millennial meeting rooms, and Network Operations Center (NOC) rooms. The Pusat Kopi can also be used to conduct video conferences with BKPM representatives abroad as well as the provincial investment agency (DPMPTSP) to coordinate without face to face.

G. Manpower

1) Manpower Policy on Wage Protection for Employee Related to the COVID-19 pandemic

The pandemic has forced employers to send their employees to work from home. With work efficiency decreasing, you are wondering how the Manpower Policy on the wage protection.

Before jumping on the explanation, let’s go back to 1998. During 1998, many companies experienced difficulties in connection with the monetary crisis. As an effort to save the company, many took the action to temporarily lay off employee. In response to this action, the Ministry of Manpower issued the Circular Letter Number SE-05/M/BW/1998 regarding Employee Wage Lay Off for Non-Termination Reason, issued on 30th June 1998, with the following stipulations on wages:
1. Employers continue to pay wages in full, in the form of basic wages and fixed benefits as long as employees are temporarily laid off, unless otherwise stipulated in a work agreement, company regulations, or collective employment agreement.

2. If the employer will pay the employee’s wages not in full amount, the company shall negotiate with the union and/or the employees regarding the amount of wages for the time being lay off and the length of lay off time.

3. If negotiations through an intermediary doesn’t reach any agreement, an immediate recommendation letter shall be issued. If the recommendation is rejected by one or both of the disputing parties, then the problem should be immediately submitted to the Regional Manpower Dispute Resolution Committee (Panitia Penyelesaian Perselisihan Perburuhan Daerah/P4 Daerah), or to the Central Manpower Dispute Resolution (Panitia Penyelesaian Perselisihan Perburuhan Pusat/P4 Pusat) for Mass Layoffs.

Same spirit also shown during the COVID-19 pandemic, the Ministry of Manpower issued Circular of the Minister of Manpower Number M/3/HK.04/III/2020 concerning Employee/Labor Protection and Business Continuity in the Context of Prevention and Control of COVID-19. This Circular shall be the basis for the employer to give wage to the employee. Aside the points requested to the Governors on the prevention and control of the virus, the Governor are also requested to do the wage control as follow:

a. For employees / laborers who are categorized as People in Monitoring (Orang Dalam Pengawasan/ODP) COVID-19, based on the doctor’s statement so that they cannot enter work for a maximum of 14 days or according to Ministry of Health standards, then the wages are paid in full.

b. For employees / laborers who are categorized as suspected COVID-19 cases and are quarantined / isolated according to doctor’s statement, the wages will be paid in full during the quarantine / isolation period.

c. For employees / laborers who do not come to work due to illness caused by COVID-19 and proven by the doctor’s statement, the wage is paid according to statutory regulations.

d. For companies that restrict business activities due to government policies in their respective regions for the prevention and control of COVID-19, causing some or all of their employees do not come to work, taking into account business continuity, changes in the amount and method of payment of employees’ wages are made in accordance with the agreement between employers and employees.

So taking into account business continuity, changes in the amount and method of payment of employees' wages are made in accordance with the agreement between the employer and the employee. This is in line with the definition of wage as stipulated by the Government Regulation Number 78 of 2015 on Wage which stated:

Wages are employees’ rights that are received and expressed in the form of money as return from employers or job giver for employees / laborers which are determined and paid according to a work agreement, deal, or statutory regulation, including benefits for employees/laborers and their families for a job and/or service that has or will be performed.

For example, based on the circular letter above, employers can reduce the amount of wages that must be paid to their employees in order to continue to have enough capital to continue their business during the COVID-19 outbreak as long as there is an agreement between the employer and employee.

In cases of employers do not implement the above procedure and unilaterally change the amount or method of payment of wages, for example make an installment on wages, this will open the risk of industrial
relations disputes, which must be resolved in accordance with the mechanism of Law Number 2 of 2004 concerning Settlement of Industrial Relations Disputes.

2) Preparedness in Facing the Spread of COVID-19 at the Workplace

In order to anticipate and minimize the impact of the spread of COVID-19 at the workplace, the Ministry of Manpower issued Circular of the Director General of Manpower Inspection and Occupational Health and Safety No. 5/193/AS.02.02/III/2020 on Preparedness in Facing the Spread of COVID-19 at the Workplace. There are immediate steps to be taken systematically and effectively as an act of preparedness for the occurrence of a pandemic, this circular appealing to the respective head of agency in charge of employment to take the following steps:

1. To provide guidance and supervision on the implementation of laws and regulations in the field of Occupational Safety and Health (K3), especially regarding the prevention of COVID-19 cases at the workplace.
2. Disseminating information to all levels of the organization and to related parties within your area for guidance and supervision regarding COVID-19 cases at work and their impact on the employment sector.
3. Record and report to relevant agencies each case reasonably suspected of COVID-19 at the workplace.
4. Oblige each Company Leader to anticipate potential COVID-19 cases at work by taking precautionary measures on hygiene behavior and health by integrating the Occupational Safety and Health (K3) program, the K3 Empowerment Committee and optimizing the function of occupational health services.
5. Register companies that have taken the actions as referred to in number 4 and 5.

To every Company Management to:

1. Implement the provisions of Manpower Regulation Number PER.02 / MEN / 1980 concerning the Examination of Health of Workers in the Implementation of Work Safety and Manpower Regulation Number PER.03 / MEN / 1982 concerning Occupational Health Services as part of the application of the conditions of occupational Health and Safety.
2. Encourage every company management to immediately make a preparedness plan in dealing with the COVID-19 pandemic with the aim of minimizing risks for workers and business continuity by taking actions including:
   a. Increased manager-level awareness in order to apply preparedness to possibilities of the onset of the COVID-19 pandemic;
   b. Anticipating an attendance rate of 30% for a minimum period of 3 (three) months 1 / 2 completing the attendance percentage matrix and determining vulnerable points;
   c. Determining the most important parties and business activities that are vital or essential in the framework for maintaining business continuity in the case of COVID-19 pandemic;
   d. Preparing a simple delegation process for granting approvals;
3. Guide workers / laborers to implement preventive measures:
   a. Worker education about COVID-19 (causes, symptoms, transmission and prevention);
   b. Maintaining cleanliness of the work environment;
   c. Providing access to hand washing facilities in the form of running water and liquid soap or hand sanitizers in public areas, such as entrances, elevators, toilets etc.;
   d. Maintaining cleanliness of the hands, especially before touching mouth, nose and eyes as well as after touching a public installation;
e. Washing hands with water and liquid soap and rinse for at least 20 seconds;
f. Covering the mouth with a tissue when sneezing or coughing and throwing the tissue in the trash;
g. If there are workers with fever symptoms (38°C) or a history of fever accompanied with one of the symptoms of respiratory disorders, such as cough, runny nose, sore throat, tightness breathing, holding a risk factor for COVID-19, those workers shall immediately go to the nearest health facility;
h. Informing workers on duty, experiencing health problems, to use masks and seek health services locally;
i. Workers returning from outbreak areas should report to the nearest health facility as well as provide their travel history and bring a certificate of health when entering back work.

4. Prepare a company preparedness plan for dealing with the disease.
5. Coordinate with related parties taking efforts to prevent the spread of COVID-19 at the workplace.

3) Temporary Suspension of Licensing Services for Foreign Workers

In connection with the issuance of Regulation of the Minister of Law and Human Rights Number 11 of 2020 on Temporary Ban on Foreigners from Entering the Territory of the Republic of Indonesia (“Permenkumham 11/2020”), then the Ministry of Manpower issued Circular of the Minister of Manpower No. M/4/HK.04/IV/2020 concerning Services for the Utilization of Foreign Workers in Relation to the Prevention of COVID-19 (“Circular 4/2020”), which came into force on April 8, 2020 until the COVID-19 pandemic is declared over by the Indonesian government.

Under the Circular 4/2020, the Ministry of Manpower regulates the following matters:

a. Temporary suspend all licensing services for new applications related to the utilization of foreign workers.
b. This temporary suspension is exempted for the following applications:
   - foreigners who will work on national strategic projects in accordance with prevailing regulations;
   - foreigners who hold a stay permit that are still in the territory of the Republic of Indonesia.
c. For foreign workers who are still in Indonesia and cannot return to their home countries due to entry restrictions, then employers can still apply for their work permits extension in order to continue employing them during the COVID-19 pandemic.

H. Province of DKI Jakarta

1) Guidelines for Office Activities in Jakarta

On April 17, 2020, the Government of the Province of DKI Jakarta through the Agency of Manpower, Transmigration and Energy (“DISNAKERTRANS”) of the Province of DKI Jakarta has issued Decree of the Head of DISNAKERTRANS of the Province of DKI Jakarta No. 837 of 2020 on Technical Guidelines of Large-Scale Social Restrictions Implementation for Work Activities at the Office (“Decree 837/2020”).

Decree 837/2020 is intended for companies domiciled in Jakarta which are included in the business sector that can still carry out work activities in the office during the COVID-19 pandemic. Therefore, the work activities are carried out under the following provisions:
The company determines the maximum number of workers in a room with regard to the minimum distance between workers in the range of 1 (one) meter;
- Maximizing the use of technology to reduce direct contact between workers;
- Reducing office operating hours;
- Reducing the number of workers present at the office up to the minimum number of workers needed to carry out company operations;
- All workers are required at all times to use personal protective equipment as needed while in the workplace environment;
- The company is obliged to provide a letter of work order to workers assigned to present at the office during the period of Large-Scale Social Restrictions (“PSBB”);
- Every worker who is assigned during the period of PSBB is required to bring a letter of work order, ID Card and wear company uniform for those who use it.

Further, the company must implement protocols to prevent the spread of COVID-19 at the office with reference to Article 10 paragraph (2) letter C of Regulation of the Governor of the Province of DKI Jakarta on Implementation of PSBB in Handling of the COVID-19 in the Province of DKI Jakarta.

Moreover, the company required to report the PSBB implementation for work activities at the office through link: bit.ly/psbbkantor-tempatkerja

It should be noted that violation to the PSBB implementation for work activities at the office may be subject to sanctions in accordance with prevail regulations. Decree 837/2020 came into force since the date of issuance until the validity period of PSBB implementation in Jakarta ends.

I. Immigration

1) Temporary Ban for Foreigner to Enter Indonesia Territory

The Directorate General of Immigration Ministry of Law and Human Rights issued a Press Release on 31st March 2020 with the topic “Ministry of Law and Human Rights has issued the temporary prohibition for foreigner to enter Indonesia territory”.

Within the Press Release, announce that the newly issued Ministry of Law and Human Right Regulation number 11 of 2020 on Temporary Prohibition of Foreigners Entering the Territory of the Republic of Indonesia (MoLHR Reg 11/2020) which in turn revokes the previous Ministry of Law and Human Right Regulation number 7 and 8 of 2020.

The prohibition applies to all Foreigners with six exceptions:
1. Foreign Holders of Limited Stay Permits and Permanent Stay Permits;
2. Foreign Diplomatic Visa and Service Visa Holders;
3. Foreigners who hold Diplomatic Stay Permits and Official Stay Permits;
4. Medical and food aid and support workers. This is based on reason humanitarian purpose;;
5. Crews of conveyance both sea, air and land;
6. For Foreigners who will work on National Strategic Projects.

The foreigners as excluded above shall meet the following requirements:
1. The existence of a healthy certificate in English issued by health authorities of each country;
2. Has been 14 (fourteen) days in the territory / country that is free of Covid-19;
3. Statement of being prepared to be quarantined for 14 (fourteen) days implemented by the Government of the Republic of Indonesia.
The MoLHR 11/2020 also stipulates that for foreigners residing in Indonesia with the following arrangements:

1. **Foreign Holders of Visit Permit (including a visa-free visit and Visa on Arrival) which has expired and/or cannot be extended his residence, will be automatically given emergency stay permit without have to submit an application to the Immigration Office, free of charge.**

2. **Foreigners who hold Limited Stay Permits and Permanent Stay Permits which has already expire and/or cannot be extended anymore, will be given suspension and will be automatically given emergency stay permit without have to submit an application to the Immigration Office, free of charge.**

This regulation will take effect on April 2, 2020, 00.00 WIB until the Covid-19 pandemic period ends as stated by the Authorized agency.

### J. Large-Scale Social Restrictions

#### 1) Government Introduces Large-Scale Social Restrictions

With an increasing number of positive cases and deaths due to the COVID-19 in Indonesia, President Joko Widodo issued Government Regulation Number 21 of 2020 on the Large-Scale Social Restrictions in order to Acceleration of Handling Corona Virus Disease 2019 (COVID-19) (Regulation 21/2020), which came into force on March 31, 2020. Regulation 21/2020 is an implementing regulation from Law Number 6 of 2018 on Health Quarantine (Law 6/2018).

Under the Regulation 21/2020, the Large-Scale Social Restrictions is the limitation of certain activities of residents in an area suspected of being infected by COVID-19. This aims to prevent the possibility of spreading COVID-19.

With the approval of the minister who carries out government affairs in the health sector, the Regional Government can carry out the Large-Scale Social Restrictions or restrictions on the movement of people and goods for a particular province or district/city.

The Large-Scale Social Restrictions must be based on epidemiological considerations, the magnitude of threats, effectiveness, resource support, operational technical, political, economic, social, cultural, defense and security.

Based on this regulation, in the circumstances that the number of cases and/or number of deaths due to the COVID-19 has increased and spread significantly and rapidly to several regions and also there are epidemiological links with similar events in other regions or countries, the Large-Scale Social Restrictions must be implemented.

Further, the Large-scale Social Restrictions at least include:

a. school and workplace closure;

b. restrictions on religious activities; and/or

c. restrictions on activities in public places and facilities.

Restrictions on activities as mentioned above in letter a and b must still consider the needs of education, work productivity, and the public worship. The limitation of activities as referred to in letter c shall be carried out by taking into account the fulfillment of the public basic needs.
In the event that the Large-Scale Social Restrictions have been determined by the minister who carries out government affairs in the health sector, the Regional Government is obliged to implement and pay attention to the provisions as regulated under the Law 6/2018. The Large-scale Social Restrictions shall be implemented in coordination and cooperation with various related parties.

These are the procedure to implement the Large-Scale Social Restrictions:

a. The enforcement of the Large-Scale Social Restrictions is proposed by the governor / regent / mayor to the minister who carries out government affairs in the health sector.

b. The minister who conducts government affairs in the health sector determine the Large-Scale Social Restrictions by taking into account the considerations of the Chief of Task Force for the Acceleration of Handling Corona Virus Disease 2019 (COVID-19).

c. The Chief of Task Force for the Acceleration of Handling Corona Virus Disease 2019 (COVID-19) can propose to the minister who carries out government affairs in the health sector to determine the Large-Scale Social Restrictions in certain areas.

d. If the minister who conducts government affairs in the health sector approves the proposal of the Chief of Task Force for the Acceleration of Handling Corona Virus Disease 2019 (COVID-19) as mentioned above in letter c, the Head of Regional Government in certain regions are obliged to implement the Large-Scale Social Restrictions.

2) Public Health Emergency


The arrangement as follows:

1. Determining COVID-19 as a type of disease that causes Public Health Emergency.
2. Establishing a Public Health Emergency due to COVID-19 in Indonesia, which must be implemented according to the prevail regulations.
3. This presidential decree shall come into force since the date of enactment.

K. Public Companies

1) Share Buyback Without First Holding a General Meeting of Shareholders

The Indonesian Financial Services Authority (OJK) declared that the stock trading conditions in the Indonesia Stock Exchange (IDX) since the beginning of 2020 until March 9, 2020, continue to experience significant pressure, which is indicated from the decrease of IHSG by 18.46%. This happened in line with the slowdown and pressure of the global, regional and national economy as a result of the COVID-19 outbreak.

Therefore, on March 9, 2020, the OJK issued Circular of OJK Number 3/SEOJK.04/2020 concerning Other Conditions as Significantly Fluctuating Market Conditions in the Implementation of Shares Buyback Issued by Public Companies.
With the issuance of this circular, OJK allows all public companies to buy back shares in an effort to provide economic stimulus and reduce the impact of the market that fluctuates significantly by providing relaxation Share Buybacks procedures, as follows:

- This circular stipulates that share buybacks can be performed by public companies without first holding a General Meeting of Shareholders (GMS). This will significantly reduce the time required to conduct a buyback.
- Further, this circular allows public companies to buy back shares that represent up to 20 percent of their paid-up capital, provided that there must be at least 7.5% of free float.

L. Excise

1) Exemption of Ethyl Alcohol Excise

To provide facilities for social purposes and the manufacture of hand sanitizers, surface sanitizers and antiseptics, on March 17, 2020, the Indonesian Government through the Directorate General of Customs and Excise issued Circular of Director General of Customs and Excise Number SE-04/BC/2020 on Exemption of Ethyl Alcohol Excise in order to Follow-Up Prevention of Coronavirus Disease 2019 (COVID-19).

The main provisions as follows:

- The object of this circular letter is Ethyl Alcohol
- The subject of this circular letter:
  a. Ethyl Alcohol Manufacturing companies
  b. Ethyl Alcohol Storage companies

The companies mention above may be given an excise exemption for social purposes in the context of the precaution and prevention of COVID-19. They can submit an excise exemption request for social purposes in the context of precaution and prevention of COVID-19 based on orders from government agencies and non-governmental organizations related to COVID-19 countermeasures.

- Requirements and procedures:
  a. Application letter and Statement Letter by the Government Officials of government agencies stating that ethyl alcohol is only used for the precaution and prevention of COVID-19 in the event that orders are made by the government agencies; and
  b. Application Letter and Recommendation Letter from government agencies that dealing with disaster management in the case of orders are made by non-governmental organizations.

- Application letter is submitted to the Minister of Finance c.q. Director General of Customs and Excise through the Head of Customs and Excise Office using PMCK-3 documents.

M. Court Trial

1) Court Trial in the Supreme Court and the Lower Courts
On March 23, 2020, the Indonesian Supreme Court (MA) issued Circular of MA Number 1 of 2020 on Guidelines for Implementation of Duties During the Prevention of Coronavirus Disease 2019 (COVID-19) in the Supreme Court and the Lower Courts.

This circular letter addresses the court trial in the Supreme Court and the Lower Courts, as follows:

- Trials of criminal, military and jinayat cases continue to be carried out specifically against cases where the accused are being detained and their detention cannot be extended further during the period of preventing the spread of COVID-19 within the Supreme Court and the lower Courts.

- The trial of criminal, military and jinayat cases against the Defendant who legally detained them still has a reasonable reason to be extended, postponed until the end of the period of preventing the spread of COVID-19 within the Supreme Court and the lower Courts. Postponement of the trial can be carried out with a Sole Judge.

- In cases which are limited to the period of examination by statutory provisions, the Judge may postpone the examination even though the time limit for examination is limited by statutory provisions by order to the Substitute Registrar to record in the Minutes of the Session that there are exceptional circumstances based on this circular letter.

- In the event that there are cases which must still be heard, then:
  a. Delays in court proceedings and limitations on visitors to a hearing are the authority of the panel of judges to determine.
  b. Judges can limit the number and safe distance between the visitors of hearing (social distancing).
  c. The Panel of Judges may order the detection of body temperature and prohibit physical contact such as shaking hands for parties who will be present or presented at the hearing.
  d. The Panel of Judges and parties in the hearing may use protective equipment in the form of masks and medical gloves in accordance with the conditions and situation of the trial.

- The justice seekers are encouraged to use an e-litigation application for trial cases of civil law, Islamic civil law and state administrative law.

N. Industry

1) Factory Operational Requirements during the COVID-19 Pandemic


Under the Circular 4/2020, Industrial Companies and Industrial-Areas Companies may be granted industrial activity permits to continue to carry out their business activities with the condition that they must fulfill the following requirements:
1. Implement early screenings to all workers by measuring their body temperature checks and detections of employees with respiratory symptoms, including coughs/flu/shortness of breath, when entering factory areas and during shift changes;
2. Prohibit sick workers from participating in any company activity and recommend them to immediately check in to company or government health facilities;
3. Ensure sick workers and workers with travel history from any country or zone/city with known COVID-19 local transmission during the last 14 days are prohibited from entering factory areas. This is informed through a notification in the entrance area. Information on the list of countries with local transmission Covid-19 can be accessed at www.covid19.kkemkes.go.id;
4. Ensure that working areas have proper air circulation and have adequate hand-washing facilities;
5. Ensure the availability of soap and running water or alcohol-based sanitizers for hand-washing, as well as masks, gloves and clothing that ensure the safety of workers and company products;
6. Increase the routine cleaning frequency with disinfectant fluids within commonly used areas such as bathrooms, registration and payment counters, dining areas;
7. Limit the number of workers in public facilities such as mosques, canteens, and toilets;
8. Provide multivitamins and nutritional foods for all workers;
9. Prepare guidelines for workers from arrival at factories until they return to their residences; and
10. Participate and socialize the clean and healthy lifestyle, as well as inform about COVID-19, through the installation of banners/infographics at strategic locations throughout factory areas.

Further, workers of Industrial Companies and Industrial-Areas Companies required to comply with the following provisions:

1. If there are sick workers in factory areas, then stop any activity in the factory and immediately go to the company or government health facilities;
2. Workers returning from any country or zone/city with known COVID-19 local transmission during the last 14 (fourteen) days must inform the company.
3. Wearing masks since leaving home and also gloves once arrived in factory areas;
4. Maintain a minimum distance of 1 (one) meter (physical distancing) and avoid crowds during break time;
5. All workers must implement the clean and healthy lifestyle such as washing hands regularly using water and soap or alcohol-based sanitizers for hand-washing and avoid touching unnecessary areas of the face; and
6. Ban any handshake with fellow workers or individuals and consider adopting alternative forms of greeting.

2) Industrial Activity Permits during the COVID-19 Pandemic


Circular 7/2020 stipulates that Industrial Companies and/or Industrial-Areas Companies may continue their business activities by obtaining operational and mobility permits in the form of certificate for industrial activities, either for factory operational activities, office administration, or industrial activities mobility related to raw materials, auxiliary materials, finished goods, and/or workers.
In order to obtain said certificate, Industrial Companies and/or Industrial-Areas Companies shall submit an application electronically through SIINas portal (siinas.kemenperin.go.id) by complying to the following procedures:

1. log in to the SIINas (siinas.kemenperin.go.id) account;
2. select the “e-services” option;
3. select “Izin Operasional dan Mobilitas”;
4. fill out the form, continued with selecting “Simpan”; and
5. after an application has been validated via the system, the relevant business may print out the certificate by selecting the “Cetak” option.

The certificate shall be valid during the COVID-19 period and its feature a QR Code which can be scanned to prove the validity.

For Industrial Companies and/or Industrial-Areas Companies who encounter technical difficulties during the submission of application, they can complaint to SIINas Helpdesk.

It should be noted that the Ministry of Industry may revoke the issued certificate if discrepancy between the data submitted and the actual conditions are found.

3) Relaxation for Industrial Production of Wheat Flour

In connection with the lock-down policy applied by Malaysia and India due to the COVID-19 pandemic, then it causes the difficulty on fulfillment of premix for fortified substances in wheat flour based on the quality requirements of Indonesian National Standard (“SNI”) 3751:2009 Wheat Flour in Indonesia, which so far the said premix has only been supplied from Malaysia and India.

Therefore, the Ministry of Industry issued Circular of the Minister of Industry No. 5 of 2020 on Temporary Exemption for Addition of Fortified Substances in Wheat Flour (“Circular 5/2020”), which came into force on April 7, 2020.

Circular 5/2020 stipulates that while waiting for the supply of wheat flour premix to Indonesia, the mandatory implementation of SNI for wheat flour as stipulated under Regulation of the Ministry of Industry No. 59/M-IND/PER/7/2015 on The Implementation of SNI for Wheat Flour as Food Material (“Permenperin 59/2015”), is temporarily exempted for addition of premix to wheat flour, as follows:

- Fe
- Zn
- Vitamin B1
- Vitamin B2
- Folic acid

It should be noted that the use of packaging with the label "containing Fe Zn Vitamin B1 Vitamin B2 Folic Acid" is declared to remain in force until 31 December 2020.

4) Relaxation for Industrial Production of Palm Cooking Oil

The COVID-19 pandemic has disrupted international trade and impacted the fulfillment of raw material for palm cooking oil in Indonesia, which is generally fulfilled from imports and currently experiencing continuity
constraints. The said raw material is Vitamin A and/or Pro-Vitamin A based on the quality requirements in SNI 7709:2019 Palm cooking oil.

Therefore, the Ministry of Industry issued Circular of the Minister of Industry No. 6 of 2020 on Temporary Exemption to the Content of Vitamin A and/or Pro-Vitamin A in Palm Cooking Oil ("Circular 6/2020"), which came into force on April 7, 2020 until December 31, 2020.

Under the Circular 6/2020, while waiting for the supply of Vitamin A and/or Pro-Vitamin A to Indonesia, the mandatory implementation of SNI for palm cooking oil as stipulate in Regulation of the Ministry of Industry No. 46 of 2019 ("Permenperin 46/2019"), is temporarily exempted to the content of Vitamin A and/or Pro-Vitamin A in palm cooking oil.

O. Transportation

1) Government Introduces Transportation Control for Annual Homecoming Tradition

On April 23, 2020, the Indonesian government through the Ministry of Transportation has issued Regulation of the Minister of Transportation No. 25 of 2020 on Transportation Control During Annual Homecoming Tradition ("Mudik") of Eid al-Fitr 1441 Hijriah in the context of Preventing the Spread of COVID-19 ("Regulation 25/2020").

The transportation control for mudik period of Eid al-Fitr 1441 Hijriah is carried out through a temporary ban on the use of transportation facilities which came into force on April 24, 2020 until May 31, 2020.

In regards of preventing the spread of COVID-19 still needs to be done, then the duration of this temporary ban can be extended as determined by the Minister of Transportation.

Regulation 25/2020 addresses a temporary ban on the use of the following transportation facilities:

1. Land Transportation

Area Criteria

This temporary ban applies to land transportation facilities for the purpose of going out and/or entering the area of:

- Large-Scale Social Restrictions ("PSBB");
- red zone spreading COVID-19; and
- agglomeration that has been designated as a PSBB zone.

Type of Land Transportation

The following are the land transportation facilities included in this temporary ban:

a. public motor vehicles (i.e. bus and passenger car types);
b. individual motor vehicles (i.e. passenger cars, bus, and motorcycles);
c. ferry crossings; and

d. river and lake transport vessels.
The Organizers of Land Transportation Facility must return the full or 100% (one hundred percent) ticket costs to prospective passengers who have purchased tickets for travel on the date of this temporary ban period.

**Exception**

A temporary ban on the use of motor vehicles as mentioned above in letter a and letter b are exempt for:

- vehicles of high government institutions of the Republic of Indonesia;
- operational service vehicles with Vehicle Number services of the Indonesian National Army and the Indonesian National Police;
- toll road officer operational vehicles;
- fire engines, ambulances and hearses; and
- freight cars with no passengers.

Meanwhile, a temporary ban on the use of crossing transportation facilities as referred to in letter c and letter d are excluded for:

- logistical transport vehicles or staple goods;
- medicine and medical devices transport vehicles;
- transport vehicles for government operational officers and officers handling prevention of the spread of COVID-19; and
- fire engines, ambulances and hearses;

In addition, the temporary ban on the use of land transportation facilities is excluded for land transportation facilities that are within 1 (one) agglomeration area.

**Sanctions**

For vehicles that will leave and/or enter the region as stated above in the area criteria on April 24, 2020 until May 7, 2020 will be directed to return to the origin of the trip.

Further, for vehicles that will leave and/or enter the region as listed above in the area criteria on May 8, 2020 until May 31, 2020 will be directed to return to the origin of the trip and may be subject to sanctions in accordance with prevail regulations.

**Inspection**

The inspection is carried out in the form of coordination post as a check point at the following location:

- main access exit and/or entry on toll roads and non-toll roads;
- passenger transport terminal;
- crossing port; and
- harbor rivers and lakes.

For public motor vehicles and individual motor vehicles, the supervision is carried out by the Indonesian National Police with the assistance of the Indonesian National Army. Meanwhile, for ferry crossing and river and lake transportation vessels, the inspection will be carried out by the Land Transportation Management Office or Port Operator Unit.

2. Rail Transportation
**Inter-city Train Travel**

A temporary ban on inter-city train travel is implemented in the form of cancellation of inter-city train travel for passenger transport.

The Organizers of Railway Facility must return the ticket fee in full or 100% (one hundred percent) to the prospective passenger who has purchased a ticket for a canceled inter-city train trip.

However, the prohibition of inter-city train travel is excluded for inter-city train for goods transportation.

**Urban Train Travel**

A temporary ban on urban train travel is carried out with the following provisions:

a. cancellation of urban train travel for passenger transportation that enter or leave the area of Jakarta, Bogor, Depok, Tangerang and Bekasi;

b. urban train travel for passenger transportation other than areas as referred to in letter a is still operates by implementing the PSBB arrangements.

c. urban train travel for passenger transportation of the Electric Train which serves the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (“KRL Commuterline”) is still continues to operate by implementing the PSBB arrangements.

**Extraordinary Train Travel**

During the period of a temporary ban on the use of rail transportation, the Organizers of Railway Facility may operate the extraordinary train travel with the following conditions:

- to serve officers handling prevention of the spread of COVID-19 by carry a letter from the COVID-19 Task Force;
- prepare trains for the northern and southern cross operations.
- The passenger arrangements at the station and inside the train follows the applicable regulations in relation to prevent the spread of COVID-19.

**Sanctions**

The Organizers of Railway Facility who violate the provisions as referred to in inter-city train travel and urban train travel will be subject to administrative sanctions based on the prevail regulations.

3. **Sea Transportation**

**Type of Sea Transportation**

The temporary ban on the use of sea transportation applies to passenger ships, which includes:

- passenger ship operating in the area of provincial, district or sub-district that implement PSBB; and
- sailing between provinces, districts or sub-districts with the provisions of origin port, transit, or destination is an area that implements large-scale social restrictions.

**Exception**

The temporary ban on the use of sea transportation is exempt for passenger ships as follows:
• passenger ships serving the repatriation of Indonesian workers, Indonesian migrant workers, and/or Indonesian citizens;
• passenger ships serving the repatriation of Indonesian citizens who work on foreign commercial/cruise ships as crews ("ABK");
• passenger ships serving non-mudik routine transportation for limited sailing locations within one agglomeration of provincial, district, and sub-district with the conditions that the area is not determined as PSBB zone or red zone spreading COVID-19;
• passenger ships serving special inter-island transportation for the Indonesian National Army, the Indonesian National Police, government employees, and medical personnel who are carry out their duties; and
• passenger ships may be permitted to operate in order to transport logistic goods which includes staple goods, medicines and medical equipment, and other essential goods needed by the region in the event that the number of cargo ships are insufficient.

**Inspection**

The inspection is carried out by the Syahbandar Office and the COVID-19 Task Force in the form of coordination post as a check point located at the main access exit and/or entry of the passenger terminal at the port.

**Sea Transportation Companies**

The sea transportation companies must return the ticket fee in full or 100% (one hundred percent) to prospective passengers who have purchased tickets for travel on the date of this temporary ban period, by the following methods:

- 100% ticket fee refund in cash; or
- re-scheduling for prospective passengers who already have a ticket without being charged extra fees; or
- Changing the sailing route (re-route) for prospective passengers who already have a ticket without being charged extra fees in the event that the route on the ticket does not aim to exit and/or enter the area as stated above in the area criteria of land transportation section.

Rescheduling and changes to sailing route are valid for 1 (one) year for 1 (one) time re-order.

**Sanctions**

For sea transportation companies that violate this provision on the following dates:

- April 24, 2020 until May 7, 2020, will be given a warning letter; and
- May 8, 2020 until May 31, 2020, will be subject to administrative sanctions in the form of not being provided services at the port until the revocation of the SIUPAL permit in accordance with prevail regulations.

4. **Air Transportation**

**Type of Air Transportation**

The temporary ban on the use of air transportation applies to every citizen traveling domestic through airports from and to areas designated as PSBB zone or red zone spreading COVID-19, either by using public or private air transportation.
Exception

This temporary ban is exempt for air transportation used for:

- the high government officials of the Indonesian government institutions and state guest;
- operations of embassies, consulates general, and foreign consulates as well as representatives of international organizations in Indonesia;
- special flight operations for repatriation of Indonesian citizens and foreign nationals;
- law enforcement and emergency services;
- cargo transport operations; and
- other operations based on the permission of the Director-General of Civil Aviation.

Cargo Transportation

- Cargo transportation activities as mentioned above in letter e must still refer to the health protocol.
- Flight for cargo transportation activities can be carried out by air transportation companies that operate airplane with passenger configuration and required to have flight approval.
- Flight for special cargo transportation activities by air transportation companies that operate cargo-specific airplane in accordance with their approval route and in the case of operating flights outside their approval route, then required to have flight approval.
- Airplane crews who carry out cargo transportation activities must have a health certificate issued by a doctor of health facilities or the Port Health Office (KKP) at the Airport.
- Airplane with passenger configuration can be used to transport cargo inside the passenger cabin for transporting medical, health, sanitation, and food needs.

Air Transportation Companies

The air transportation companies must return the ticket fee in full or 100% (one hundred percent) to prospective passengers who have purchased tickets for travel on the date of this temporary ban period, by the following methods:

- re-scheduling for prospective passengers who already have a ticket without being charged extra fees; or
- Changing the sailing route (re-route) for prospective passengers who already have a ticket without being charged extra fees in the event that the route on the ticket does not aim to exit and/or enter the area as stated above in the area criteria of land transportation section.
- compensates for the value of the tickets cost to points in the membership of air transportation companies so that can be used to purchase products offered;
- provide ticket vouchers for the value of the tickets cost purchased by passengers so that can be used to buy back tickets for other flights and are valid for at least 1 (one) year and can be extended at most 1 (one) time.

Sanctions
For air transportation companies that violate this provision will be subject to administrative sanctions in the form of the revocation of the routes permit.

With the enactment of Regulation 25/2020, then the provisions regarding the transportation control for mudik 2020 as originally stipulated in Chapter IV of Regulation of the Minister of Transportation No. 18 of 2020 on Transportation Control in the context of Preventing the Spread of COVID-19 (“Regulation 18/2020”) is revoked.