

## NEW REGULATION ON THE REPATRIATION OF FOREIGN CURRENCY EXPORT PROCEEDS FROM NATURAL RESOURCES

March 2025

Government Regulation No. 8 of 2025 regarding the Amendment of Government Regulation No. 36 of 2023 (“**GR 36/2023**”) on Foreign Exchange Export Proceeds Derived from the Exploitation, Cultivation and/or Processing of Natural Resources (“**GR 8/2025**”) was issued on 17 February 2025 and became effective as of 1 March 2025. GR 8/2025 provides for implementing regulations to be issued by Bank Indonesia (“**BI**”), the Minister of Finance (“**MOF**”) and the Financial Services Authority (“**OJK**”). In this regard, BI Regulation No. 3 of 2025 on Amendment of BI Regulation No. 7 of 2023 regarding Foreign Exchange Export Proceeds and Import Payments and Regulation of Members of the Board of Governors (“**PADG**”) No. 4 of 2025 on Second Amendment to PADG No. 4 of 2023 on Foreign Exchange Export Proceeds and Import Payments, were issued on 28 February 2025, and became effective as of 1 March 2025. Decree of MOF No. 2/KM.4/2025 of 2025 on Determination on Type of Export Goods of Natural Resources with Requirement to Deposit Foreign Exchange Proceeds into Indonesian Financial System was also issued on 24 February 2025 and became effective as of 1 March 2025. We set out below selected highlights of GR 8/2025.

### **Key Highlights**

**Scope** - “Foreign Exchange Export Proceeds” of “Natural Resource-Based Exports” (known as *Devisa Hasil Ekspor Sumber Daya Alam* or “**DHE SDA**”) includes foreign exchange proceeds from the export of goods derived from the activities of exploitation, management (or cultivation) and/or processing of natural resources in the mining, plantation, forestry and fisheries sectors.

**New Requirement** – There is a requirement for exporters to remit/repatriate DHE SDA into the Indonesian financial system with *Lembaga Pembiayaan Ekspor Indonesia* (“**LPEI**”) and/or banks that are licensed by OJK to engage in foreign exchange operations (“**Forex Banks**”). However, exporters shall maintain a special holding account (the “**Special Account**”) with LPEI and/or Forex Banks if the export transaction value stated in the customs export declaration (*Pemberitahuan Pabean Ekspor* or “**PPE**”) is at least US\$250,000 or its equivalent in another foreign currency. The remittance into the Special Account should be made no later than the end of the quarter following the month of registration of the PPE.

Pursuant to GR 8/2025, 100% of the DHE SDA (except for DHE SDA related to the export of oil and natural gas) deposited in the Special Account must remain in the Indonesian financial system for at least 12 (twelve) months. Previously, pursuant to GR 36/2023, at least 30% of the DHE SDA deposited in the Special Account had to remain in the Indonesian financial system for at least 3 (three) months (these requirements still apply to DHE SDA related to oil and natural gas exports).

**Uses of the DHE SDA** – The DHE SDA deposited in the Special Account may be used for the payments of: (i) export duties and levies; (ii) loans (iii) imports; (iv) distribution of profits/dividends; and/or (v) other capital investment purposes as set out under Article 8 of Law No. 25 of 2007 on Capital Investment.

Exporters may now also use the DHE SDA deposited in the Special Account for:

- a. currency exchanges to Rupiah, in accordance with BI regulations;
- b. payments in foreign currency for tax obligations, non-tax state revenues and other obligations to the Government pursuant to prevailing laws and regulations;
- c. payments in foreign currency for dividends;
- d. payments in foreign currency for procurement of goods and services (in the form of raw materials, auxiliary materials or capital goods) that are not yet available, unavailable, only partially available or available but do not meet local specifications; and/or
- e. repayment of loans used for procurement of capital goods in foreign currency.

**Supervision** – Monitoring of the implementation of DHE SDA deposit requirement is carried out by the MOF, which may be carried out through inspections at LPEI and/or Forex Banks. While OJK monitors any escrow accounts maintained with the LPEI and/or Forex Banks.

**Escrow accounts** – Under GR 36/2023, exporters were required to move their offshore escrow accounts to LPEI and/or Forex Banks within 90 (ninety) days as of the effective date of GR 36/2023.

**Sanctions** – Exporters may be subject to administrative sanctions in the form of a suspension of export services, if they fail to:

- deposit the DHE SDA into the Special Account;
- maintain 100% of the DHE SDA in the Special Account for at least 12 (twelve) months (or maintain at least 30% of the DHE SDA in the Special Account for a period of at least 3 (three) months in the case of DHE SDA relating to the export of oil and natural gas) and/or
- create or move the escrow account.

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