

TERMS AND PROCEDURE FOR COMPUTING LEVEL OF LOCAL COMPONENT OF DOMESTIC PRODUCTS IN THE FORM OF CELLULAR PHONE, HANDHELD COMPUTER, AND TABLET COMPUTER (Regulation of the Minister of Industry of R.I Number 65/M-IND/PER/7/2016, dated July 26, 2016)

WITH THE BLESSING OF THE ONE AND ONLY GOD
MINISTER OF INDUSTRY OF
THE REPUBLIC OF INDONESIA,

Considering:

- a. whereas, to improve competition on local industry of cellular phone, hand-held computer, and tablet computer that justify with the characteristics of local industry, it is necessary to govern provisions and procedure for computing level of local component in such products;
- b. whereas, based on the consideration referred to in letter a, it is necessary to stipulate Regulation of the Minister of Industry on the Terms and Procedure for Computing Level of Local Component in cellular phone, hand-held computer, and tablet computer,

In view of :

1. Law Number 3 Year 2014, concerning Industry

(Statute Book of the Republic of Indonesia Year 2014 Number 4, Supplement to Statute Book of the Republic of Indonesia Number 5492);

2. Presidential Regulation Number 7 Year 2015, concerning Organization of State Ministry (Statute Book of the Republic of Indonesia Year 2015 Number 8);
3. Presidential Regulation Number 29 Year 2015, concerning Ministry of Industry (Statute Book of the Republic of Indonesia Year 2015 Number 54);
4. Presidential Decree Number 121/P Year 2014, concerning establishment of Ministry and appointment of Ministers to Work Cabinet for Period Year 2014 - 2019 as amended by Presidential Decree Number 79/P Year 2015;
5. Regulation of the Minister of Industry Number 107/M-IND/PER/11/2015, concerning Organization and Work Procedure of the Ministry of

Industry (State Gazette of the Republic of Indonesia Year 2015 Number 1806);

D E C I D E D:

To stipulate:

REGULATION OF MINISTER OF INDUSTRY ON PROVISIONS AND PROCEDURE ON COMPUTING LEVEL OF LOCAL COMPONENT OF CELLULAR PHONE, HAND-HELD COMPUTER (HANDHELD), AND TABLET COMPUTER.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation of Minister by:

1. Level of local component hereinafter referred to as TKDN, shall be level of local component in cellular phone, hand-held computer (handheld), or tablet computer.
2. Cellular phone shall be accessories for long distance communication using cellular network and other wireless network, including smartphone except satellite phone.
3. Hand-held computer (Handheld) shall be hand-held automatic data processing including personal digital assistant (PDA) and palmtop.
4. Tablet computer shall be any portable automatic data processing machine using flat touch screen as monitor with input software in the form of stylus, digital pen, or finer tip other than typing board or teticus, either functioning functioning as communication device or not.
5. Applicant shall be business operator submitting application for TKDN evaluation.
6. Application shall be product constituting collection of procedures in the form of programs or instructions that operate any instruction.

7. License shall be license granted by the owner of rights to intellectual property (Copy Rights, Patent, Mark, Industrial Design, and Circuit Layout Design) to other party based on Agreement on Grant of Right to Utilize one's Exclusive Right with Protection for a term and particular period.
8. Chipset shall be any collection of electronic component, software product for Cellular phone, Hand-held computer (Handheld), and Tablet computer, integrated into a chip silicon (integrated circuit), whereby each component is in the form of microchip that integratedly operate to run various features.
9. Firmware (Perangkat Tegar) shall be software installed in hardware.
10. Industrial design shall be creation of the form, configuration, or composition of line or color, or line and color, or integration thereof in two dimension or three dimension with esthetic image that may be accomplished in a pattern of two dimension or three dimension and may be used to produce product or goods.
11. Circuit Layout Design shall be formulation of program for laying out or positioning various elements with three dimension, where at least one of the elements is active, and part of or all inter-connections in integrated circuit and positioning the three dimensions are meant to formulate integrated circuit.
12. Director General shall be Director General of Metal, Machinery, Transportation Media, and Electronics Industry Management of the Ministry of Industry.
13. Minister shall be Minister exercising administration affairs on industry.

Article 2

Scope of coordination of provisions and procedure for computation of TKDN content covers:

- a. provision for TKDN assessment;
- b. procedure for TKDN assessment;
- c. surveyor; and
- d. supervision.

CHAPTER II
PROVISION FOR TKDN ASSESSMENT

Part One

General

Article 3

- (1) Assessment of TKDN of Cellular phone, Hand-held computer (Handheld), and Tablet computer shall refer to the provisions as governed in this Regulation of the Minister.
- (2) Assessment of TKDN as referred to in paragraph (1) shall be conducted on each type of product in the type of Cellular phone, Hand-held computer (Handheld), and Tablet computer.
- (3) Assessment of TKDN referred to in paragraph (2) shall be conducted from the aspects of:
- a. manucturing;
 - b. development; and
 - c. application.

Part Two

Computation of TKDN Content

First Paragraph

General

Article 4

Assessment of TKDN shall be conducted based on the aspects below:

- a. manufacuturing with 70% (seventy percent) value of assessed TKDN product;
- b. development with 20% (twenty percent) value of assessed TKDN product; and
- c. application with 10% (ten percent) value of assessed TKDN product.

Second Paragraph

Assessment of TKDN for Manufacturing Aspect

Article 5

- (1) Assessment of TKDN for manufacturing as referred to in Article 4 letter a is conducted by computing:

- a. the material weighing 95% (ninety percent) of assessed material;
- b. manpower provided with two percent (2%) value of the material assessment; and
- c. producing machinery provided with three percent (3%) value of the material assessment.

(2) Details of TKDN for the material referred to in paragraph (1) letter a shall be assessed as follows:

No	Definition	Value
1	Touch Display Module (TDM) Modules	12,00%
	Component Bonding (Full Lamination)	4,00%
2	Front Camera	5,00%
	Back Camera	10,00%
3	printed Circuit Board (PCB) Main and Sub Printed Circuit Boards PCB) Components	13,00%
	Printed Circuit Board Assembly (Surface-Mount Technology/SMT)	8,00%
4	Enclosure Casing Assembly Set	10,00%
5	Flexible connector (FPC)	4,00%
6	Batttery	8,00%
7	Vibration motor	3,00%
8	Speaker and Earpiece	3,00%
9	Interconnect Electrical Wire Assembly	3,00%
10	Accessories : Earphone	4,00%
	Charger	3,00%
	Cable	3,00%
11	Product packing	3,00%

(3) Weighing details of TKDN of manpower as referred to in paragraph (1) letter b is computed as follows:

No	Description	Value
1	Assembling manpower	0,50%
2	Testing Manpower	1,00%
3	Packing Manpower	0,50%

(4) TKDN for producing machinery referred to in paragraph (1) letter c shall be computed as follows:

No	Description	Value
1	Assembling machinery	1,00%
2	Testing machinery	2,00%

Paragraph Three

TKDN Assessment for Development

Article 6

TKDN for development as referred to in Article 4 letter b is assessed by:

- a. granting license with 10% (ten percent) value of development aspect;
- b. Firmware (perangkat Tegar) is provided 40% (forty percent) value of the assessed development;
- c. Industrial design is provided 20% (twenty percent) of assessed development; and
- d. Design of Integrated Circuit Layout is provided with 30% (thirty percent) or assessed development.

Article 7

- (1) TKDN for License referred to in Article 6 letter a is assessed against the holder of License or owner of intellectual property rights for development using software/hardware development kit) or reference design issued by the vendor of the main Chipset.

- (2) Ownership of intellectual property rights as referred to in paragraph (1) must be proven by document of

ownership intellectual property rights.

(3) License ownership referred to in paragraph (1) must be proven by License Agreement covering:

- a. License Agreement between Applicant and Owner or Company within the group of companies possessing intellectual property rights; and
- b. License Agreement between Applicant and other party holding agreement with the owner of intellectual property rights (Joint License).

Article 8

- (1) Ownership of intellectual property rights as referred to in Article 7 paragraph (2) is granted with 100% (one hundred percent) TKDN of the assessed value of TKDN for License.
- (2) Ownership of License based on the agreement referred to in Article 7 paragraph (3) letter a is provided 100 (one hundred percent) assessed TKDN of assessed TKDN for License.
- (3) Ownership of License based on the agreement referred to in Article paragraph (3) letter b is provided 50% (fifty percent) TKDN of assessed TKDN for License.
- (4) The development using software/hardware development kit or reference design without License ownership or ownership of intellectual property rights is provided 0% (zero percent) TKDN of assessed TKDN for License.

Article 9

TKDN for Firmware (Perangkat Tegar) as referred to in dalam Article 6 letter b is assessed using the details below:

- a. development of operational system is provided 20% (twenty percent) of the result of development assessment;
- b. development of man machine interface (tampilan antarmuka pengguna) is provided 10% (ten percent) of the result of development assessment;

- c. development of operational system (injection software) is provided 5% (five percent) or the result of development assessment; and
- d. testing and debugging (testing and debugging) is provided 5% (five percent) of development assessment.

Article 10

- (1) TKDN for development of operational system referred to in Article 9 letter a is assessed on modification, integration, customization, compilation of source code (compiling source code), and/or kernel.
- (2) Implementation of integration, customization, compilation of source code and driver modification activities as referred to in paragraph (1) shall be provided TKDN content 100% (one hundred percent) maximum of the assessed TKDN for Perangkat Tegar (Firmware).
- (3) Implementation of all activities up to compiling source code as referred to in paragraph (1) which TKDN shall be provided maximum 50% (fifty percent) of the result of assessed TKDN for Perangkat Tegar (Firmware).
- (4) In the absence of development activity of operational system referred to in paragraph (1), the content of TKDN provided is 0% (zero percent) of assessed TKDN for Perangkat Tegar (Firmware).

Article 11

- (1) TKDN for development of man machine interface referred to in dalam Article 9 letter b shall be assessed on development of boot splash, animasi, theme, style, launcher, menu, quick menu setting, shutdown, and/or other modification arising on machine interface).
- (2) Development of at least five (5) activities as referred to in paragraph (1) shall be provided TKDN content of maximum 100% (one hundred percent) of assessed TKDN for man machine interface.
- (3) Implementation of one (1) to four (4) development activities referred to in paragraph (1) shall be provided TKDN content of maximum 20% (twenty percent) or assessed TKDN for man machine interface.

- (4) In the absence of development activity on man machine interface referred to in paragraph (1), TKDN content provided shall be 0% (zero percent) of assessed TKDN for man machine interface.

Article 12

- (1) TKDN for merging injection software as referred to in Article 9 letter c shall be assessed on integrated application process to operational system platform..
- (2) Integrated application process to operational system platform referred to in paragraph (1) shall be provided TKDN content maximum 100% (one hundred percent) of TKDN content for merging software to the operation system (injection software).
- (3) If no activity is conducted in integrated application process to the operation system platform as referred to in paragraph (1), TKDN content shall be provided 0% (zero percent) of the TKDN content for merging software to the operation system (injection software).
- (4) Integrated application process to operation system platform referred to in paragraph (1) may be conducted by:
- Applicant;
 - developing company appointed by the Applicant; or
 - developing company appointed by the Applicant using the Application that has been developed by third party (outsourcing).

Article 13

- (1) TKDN for testing and debugging (testing and debugging) referred to in Article 9 letter d shall be assessed on the implementation of testing and debugging (testing and debugging) of Perangkat Tegar (Firmware) used in Cellular phone, Hand-held computer (Handheld), or Tablet computer software.
- (2) The testing and debugging operations of firmware (perangkat lunak) as referred to in paragraph (1) shall be provided TKDN content maximum 100% (one hundred percent) or the assessed TKDN for testing and debugging.

- (3) In the absence of testing and debugging activity of firmware (perangkat lunak) as referred to in paragraph (1), TKDN content provided shall be 0% (zero percent) of assessed TKDN for testing and debugging.

Article 14

- (1) Assessment of TKDN for Industry Design as referred to in Article 6 letter c shall be conducted on the Product Design and Mechanic Design of Cellular phone, Hand-held computer (Handheld), and Tablet computer.
- (2) Assessment of TKDN for Industry Design as referred to in paragraph (1) shall be conducted if in the Application development process utilization any foreign worker must be accompanied by at least three (3) local workers.

Article 15

- (1) Assessment of TKDN for Industry Design as referred to in Article 14 shall be conducted in line with the details below:
- a. Product Design shall be provided 10% (ten percent) of development assessment; and
 - b. Mechanical Design shall be provided 10% (ten percent) of development assessment.
- (2) TKDN for Product Design as referred to in paragraph (1) letter a shall be assessed for designing outer casing of Cellular phone, Hand-held computer (Handheld), and Tablet computer.
- (3) TKDN for Mechanical Design as referred to in paragraph (1) letter b shall be assessed for designing inner casing of Cellular phone, Hand-held computer (Handheld), and Tablet computer.
- (4) TKDN for Product Design as referred to in paragraph (1) letter a shall be assessed based on the provisions below:
- a. designing outer casing provided with TKDN content 100% (one hundred percent) of TKDN assessment for Product Design; and
 - b. non-designed outer casing shall be provided with TKDN content of 0% (zero percent) of TKDN assessment for Product Design.

(5) TKDN for Mechanical Design referred to in paragraph (1) letter a shall be assessed in line with the provisions below:

- a. designing casing inner framework shall be provided with TKDN content 100% (one hundred percent) of assessed TKDN for Mechanical Design; and
- b. If no design on inner frame of casing is necessary, TKDN content shall be provided 0% (zero percent) of assessed TKDN for Mechanical Design.

Article 16

- (1) TKDN for Circuit Layout Design as referred to in Article 6 letter d shall be assessed based on:
 - a. formulation of schematic diagram;
 - b. formulation of circuit platform layout; and
 - c. testing and calibration of Printed Circuit Board Assembly-Surface Mount Technology (PCBA SMT) and Jig Test development.
- (2) TKDN for formulation of schematic diagram as referred to in paragraph (1) letter a shall be assessed for designing series of electronics (circuit diagram) from Cellular phone, Hand-held computer (Handheld), and Tablet computer products.
- (3) TKDN for formulating circuit platform layout as referred to in paragraph (1) letter b shall be assessed for designing Printed Circuit Board (PCB) layout from a series of electronic products in the form of Cellular phone, Hand-held computer (Handheld), and Tablet computer.
- (4) TKDN for testing and calibration of PCBA SMT and development of Jig Test as referred to in pada paragraph (1) letter c shall be assessed for testing and calibration of PCBA Cellular phone, Hand-held computer (Handheld), and Tablet computer products.

Article 17

- (1) TKDN for Circuit Layout Design as referred to in Article 16 shall be assessed with details as follows:
 - a. formulating of schematic diagram shall be provided 10% (ten percent) of development assessment;

- b. formulating of layout of circuit platform shall be provided 10% (ten percent) of development assessment; and
 - c. testing and calibration of Printed Circuit Board Assembly-Surface Mount Technology (PCBA SMT) and development of Jig Test shall be provided 10% (ten percent) of the development assessment.
- (2) TKDN for making schematic diagram as referred to in paragraph (1) letter a shall be assessed based on the provisions:
- a. series of electronic designing (circuit diagram) is provided TKDN content 100% (one hundred percent) of TKDN assessment for Design Circuit Layout Design; and
 - b. if no series of electronic designing (circuit diagram) is conducted, TKDN content shall be provided 0% (zero percent) of assessed TKDN for Circuit Layout Design.
- (3) TKDN for formulating layout of circuit platform as referred to in paragraph (1) letter b shall be assessed based on the provisions:
- a. implementation of designing layout Printed Circuit Board (PCB) shall be provided TKDN content 100% (one hundred percent) of assessed TKDN for Circuit Layout Design; and
 - b. If no design on layout of Printed Circuit Board (PCB) product is made, TKDN content shall be provided 0% (zero percent) or assessed TKDN for Circuit Layout Design.
- (4) TKDN for testing and calibration of PCBA SMT referred to in paragraph (1) letter C shall be assessed based on the provisions below:
- a. testing and calibration of PCBA shall be provided TKDN content 100% (one hundred percent) or the TKDN content for testing and calibration of PCBA SMT, and
 - b. If no testing and calibration of PCBA product is conducted, TKDN content shall be 0% (zero percent) of the TKDN content for testing and calibration of PCBA SMT.

Article 18

The questionnaire form for calculating TKDN for the development shall be as specified in Attachment-I constituting inseparable part of Regulation Minister.

Paragraph Four

TKDN Assessment for Application

Article 19

- (1) TKDN for Application referred to in Article 4 letter c shall be assessed based on:
 - a. phases of activities; and
 - b. components for computationjj.
- (2) Phases of activities referred to in paragraph (1) letter a shall cover:
 - a. specified requirements;
 - b. architerctural design;
 - c. programming;
 - d. Application Testing; and
 - e. Application Packing.
- (3) Components for computation as referred to in pada paragraph (1) letter a shall be:
 - a. construction design;
 - b. intellectual property rights;
 - c. manpower;
 - d. certificate of components; and
 - e. work tools.

Article 20

Terms for TKDN assessment for Application referred to in Article 19 shall be as specified in Attachment-II to this Regulation of the Minister.

Article 21

(1) TKDN content for the Application referred to in Article 20 shall be provided if:

- a. Application is owned by Applicant; or
- b. Application belongs to several owners.

(2) TKDN content is provided based on ownership as referred to in paragraph (1) as shown below:

- a. The Application held by Applicant as referred to in paragraph (1) letter a shall be provided 100% (one hundred percent) of assessed TKDN for Application;
- b. for Application using joint ownership as referred to in paragraph (1) letter b where Applicant is the first local company in a joint operating with Application Developer is provided with 50% (fifty percent) of assessed TKDN for Application;
- c. for Application using system belonging to joint ownership as referred to in paragraph (1) letter b where Applicant is the second local company in a joint operation Application Developer is provided 40% (forty percent) of assessed TKDN for Application;
- d. for Application using system belonging to joint ownership of as referred to in paragraph (1) letter b where Applicant is the third company of joint operation jointly operating with local Application Developer is provided with 30% (thirty percent) of assessed TKDN for Application; and
- e. for Application using system belonging to joint ownership as referred to in paragraph (1) letter b where Applicant is the fourth company and so forth jointly operate with Application Developer is provided 20% (twenty percent) of assessed TKDN for Application.

(3) Ownership of Applicant as referred to in paragraph (1) must be proven Statement Letter by the local Application Developer.

Article 22

Assessment may be conducted on TKDN for Application as referred to in Article 19 through Article 21 provided it complies with the following:

- a. TKDN content for development is minimum 8% (eight percent);
- b. Application embedded in Cellular phone, Hand-held computer (handheld), dan Tablet computer products which TKDN has been computed;
- c. there are at least two (2) local Applications embedded or four (4) local Applications embedded which are in the form of games;
- d. has at least 250.000 (two hundred fifty thousand) active Application users;
- e. injection software is processed locally;
- f. using server existing locally; and
- g. possess online local Application store.

Part Three

Computation of TKDN content for Specific Products

Article 23

- (1) TKDN for specific Cellular phone, Hand-held computer (Handheld), and Tablet computer products may use the weighing as shown below:
 - a. manufacturing with 10% (ten percent) weight of assessed TKDN product;
 - b. development with 20% (twenty percent) weight of assessed TKDN product; and
 - c. Application with 70% (seventy percent) of assessed TKDN product.
- (2) Specific Cellular phone, Hand-held computer (Handheld), and Tablet computer products as referred to in paragraph (1) must comply with the provisions below:
 - a. TKDN content for development of at least 8% (eight percent);
 - b. Application embedded in Cellular phone, Hand-held computer (Handheld), and Tablet computer products with computed TKDN;

- c. there is at least seven (7) Applications embedded or 14 (fourteen) Applications embedded in games form;
- d. has at least 1.000.000 (one million) active users of each Application;
- e. software injection is processed locally;
- f. using server existing locally;
- g. possessing online Application store (online application store) locally; and
- h. Cost, Insurance, and Freight (CIF) is at least Rp.6.000.000,00 (six million Rupiah).

Article 24

Terms and procedure for assessment of TKDN for manufacturing, developing, and Application as governed in Article 5 through Article 22, except Article 21, apply mutatis mutandis as the terms and procedure for assessment of TKDN for weighing as referred to in Article 23.

Part Four

Computation of TKDN Based on Investment Value

Article 25

- (1) Other than the computation of TKDN content referred to in Article 3 paragraph (3), computation of TKDN content for Cellular phone, Hand-held computer (Handheld), and Tablet computer may use the computation scheme on investment value.
- (2) TKDN content using scheme on investment value as referred to in paragraph (1) is computed on the terms:
 - a. that applies for new investment;
 - b. based on investment proposal submitted by the Applicant; and
 - c. TKDN content is computed based on the total investment value.
- (3) The investment that justifies with investment proposal referred to in paragraph (2) letter b must be accomplished within three (3) years period.

Article 26

TKDN content resulting from the use of scheme on investment computation referred to in Article 25 is computed based on the terms below:

- a. investment in a value of Rp.250.000.000.000,00 (two hundred fifty billion Rupiah) up to Rp.400.000.000.000,00 (four hundred billion Rupiah) is provided 20% (twenty percent) TKDN content;
- b. investment in the amount exceeding Rp.400.000.000.000,00 (four hundred billion Rupiah) up to Rp.550.000.000.000,00 (five hundred fifty billion Rupiah) is provided 25% (twenty-five percent) TKDN content;
- c. investment in the amount exceeding Rp.550.000.000.000,00 (five hundred fifty billion Rupiah) up to Rp.700.000.000.000,00 (seven hundred billion Rupiah) is provided 30% (thirty percent) TKDN content;
- d. investment in the amount exceeding Rp.700.000.000.000,00 (seven hundred billion Rupiah) up to Rp.1.000.000.000.000,00 (one trillion Rupiah) is provided 35% (thirty-five percent) TKDN content 5%; and
- e. investment in the amount Rp.1.000.000.000.000,00 (one trillion Rupiah) is provided 40% (forty percent) TKDN content.

Article 27

- (1) The proposed investment s referred to in Article 25 paragraph (2) letter a shall provide at least:
 - a. name of the company possessing Cellular phone, Hand-held computer (Handheld), Tablet computer products;
 - b. total investment amount for a term of maximum three (e) years;
 - c. details of investment plan each year; and
 - d. type of product intending to use TKDN content scheme for computing investment amount.
- (2) The proposed investment referred to in paragraph (1) must be submitted to the Director General.
 - a. investment in the amount of Rp.250.000.000.000,00 (two hundred fifty billion Rupiah) up to Rp.400.000.000.000,00 (four hundred billion Rupiah) is provided 20% (twenty percent) TKDN content;
 - b. investment in the amount exceeding Rp.400.000.000.000,00 (four hundred billion Rupiah) up to

Rp.550.000.000.000,00 (five hundred fifty billion Rupiah) is provided 25% (twenty five percent) TKDN content;

- c. investment in the amount exceeding Rp.550.000.000.000,00 (five hundred billion Rupiah) up to Rp.700.000.000.000,00 (seven hundred billion Rupiah) is provided 30% (thirty percent) TKDN content;
- d. investment in the amount exceeding Rp.700.000.000.000,00 (seven hundred billion Rupiah) up to Rp.1.000.000.000.000,00 (one trillion Rupiah) is provided 35% (thirty-five percent) TKDN content; and
- e. investment exceeding Rp.1.000.000.000.000,00 (one trillion Rupiah) is provided 40% (forty percent) TKDN content.

Article 27

- (1) The proposed investment referred to in Article 25 paragraph (2) letter a must at least state:
 - a. name of the company possessing Cellular phone, Hand-held computer (Handheld), and Tablet computer products;
 - b. total investment amount for a period of maximum three (3) years;
 - c. details of investment plan for each year; and
 - d. type of product that will use TKDN content for computing investment content.
- (2) The proposed investment referred to in paragraph (1) must be submitted to the Director General.
- (3) With respect to the proposed investment referred to in paragraph (2), the Director General shall issue approval letter of rejection within five (5) working days as of the date the proposal is received.

Article 28

- (1) At least 40% (forty percent) of the investment referred to in Article 25 must be accomplished within one (1) year after the proposed investment is approved.

(2) The investment referred to in paragraph (2) shall be made by the Applicant him/herself.

Article 29

The TKDN content based on investment computation scheme is valid for one (1) year effective as of this Regulation of the Minister takes effect.

CHAPTER III

PROCEDURE FOR TKDN ASSESSMENT

Part One

Application for TKDN Assessment

Article 30

- (1) TKDN assessment shall be conducted based on Applicant's application for assessment.
- (2) Applicant shall submit application for TKDN assessment as referred to in paragraph (1) to the Director General through Public Service Unit of the Ministry of Industry (UP2).
- (3) The application referred to in paragraph (2) must be submitted in the format as specified in Attachment-III to this Regulation of the Minister supported by:
 - a. company profile;
 - b. company organizational structure;
 - c. self-assessment TKDN for assessed products;
 - d. photo / chart of products supported by elucidation of the product function;
 - e. photo / chart of working tools / working facilities;
 - f. photo of basic material;
 - g. diagram of work program for product development in Gantt chart;
 - h. document on product development plan; and
 - i. purchase invoice of working tools, list of assets of the company and Deed of Company Establishment constituting supporting document on cost compilation for machinery / working tools possessed by the company.

Article 31

- (1) UP2 shall examine completeness of the application referred to in Article 30 within one (1) working day.
- (2) As soon as the application referred to in paragraph (1) is complete, UP2 shall submit this application document to the Director General.
- (3) If the application referred to in paragraph (1) is incomplete, UP2 shall notify the Applicant of such.

Article 32

- (1) The Director General shall examine authenticity of the application received from UP2 as referred to in Article 5 paragraph (2).
- (2) The examination of authenticity referred to in paragraph (1) is conducted in the context of:
 - a. scrutinizing the authenticity and justification of the application with the statutory regulation; and
 - b. examine Applicant's readiness to process production based on the application for TKDN assessment from legal, management, and technical aspects.
- (3) In conducting the examination referred to in paragraph (2), the Director General shall conduct examination in the field.

Article 33

Within five (5) working days as of the date the application is submitted by UP2 as referred to in Article 5 paragraph (2), the Director General shall issue:

- a. approval letter for TKDN assessment if the application is complete and correct; or
- b. rejection letter to TKDN assessment will be issued if the application is incomplete or incorrect.

Article 34

Applicant shall grant approval letter as referred to in Article 33 paragraph (1) letter a to the Surveyor for conducting TKDN assessment.

Part Two

Surveyor

Article 35

TKDN shall be assessed by a Surveyor.

Article 36

- (1) The result of TKDN assessment conducted by a Surveyor shall be set forth in report of verification..
- (2) The report of verification referred to in paragraph (1) must be submitted to the Minister with copy to the Applicant.
- (3) Based on the report of verification referred to in paragraph (2), the Minister shall issue TKDN Certificate.
- (4) The TKDN Certificate referred to in paragraph (3) is valid for two (2) years.

Article 37

- (1) The Surveyor referred to in Article 35 is appointed by the Minister.
- (2) Computation of TKDN conducted by the Surveyor as referred to in paragraph (1) must be based on the principles:
 - a. transparency
 - b. primary service; and
 - c. accountability.
- (3) The Surveyor referred to in paragraph (1) shall report the result of implementation of his/her job to the Minister.

CHAPTER IV

SUPERVISION

Article 38

- (1) The Director General shall exercise supervision on the computation of TKDN by the Surveyor.

- (2) The supervision referred to in paragraph (1) shall be conducted in providing security on:
- a. computation of TKDN conducted based on the provisions in this Regulation of the Minister; and
 - b. implementation of the principles in computing TKDN by the Surveyor as referred to in Article 37 paragraph (2).
- (3) The supervision referred to in paragraph (2) shall be conducted at least once a year.
- (4) The supervision referred to in paragraph (3) may be conducted on the computation process of TKDN content, after report on the result of verification is submitted, or as soon as TKDN Certificate is issued.

Article 39

- (1) If based on the result of supervision referred to in Article 38 violation is committed by Surveyor, the Minister shall revoke the Appointment of such Surveyor.
- (2) Other charge of penalty referred to in paragraph (1) shall not evade imposition of penalty in line with the provisions in the statutory regulation.

Article 40

- (1) The Director General shall exercise supervision on production consistency based on the content of TKDN utilized by Applicant.
- (2) The supervision referred to in paragraph (2) shall be conducted at least once a year.

Article 41

- (1) If based on the result of supervision referred to in Article 40 Applicant is proven to have committed violation, the Minister shall revoke the issued TKDN Certificate.
- (2) Other imposition of penalty shall not evade imposition of penalty referred to in paragraph (1) in line with the provisions in the statutory regulation.

Article 42

(1) The Director General shall exercise supervisions on realization of investment as referred to in Article 25 paragraph (3) Article 28.

(2) The supervision referred to in paragraph (2) shall be conducted at least once in three (3) months until realization of investment is completed in accordance with investment proposal.

Article 43

If based on the result of supervision referred to in Article 42 there is violation committed by the Applicant, the Minister shall:

a. revoke the issued TKDN Certificate, or cease from issuing Product Registration Identification applied for by the Applicant for the type referred to the proposal for investment.

CHAPTER V

CLOSING PROVISION

Article 44

This Regulation of the Minister takes effect on the date it is enacted.

Stipulated in Jakarta

Dated July 26, 2016

MINISTER OF INDUSTRY
OF THE REPUBLIC OF INDONESIA,

sgd.

SALEH HUSIN

Enacted in Jakarta

Dated July 27, 2016

DIRECTOR GENERAL
OF STATUTORY REGULATION OF
THE MINISTRY OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA
YEAR 2016 NUMBER 1090

Note from Editor:

- Due to technical reason, no Attachment is provided herein.

(MA)