

CAPITAL REQUIREMENTS FOR TRANSPORTATION COMPANIES

On 24 February 2015, the Minister of Transportation issued Regulation No. PM 45 of 2015 on The Capital Requirements for Transportation Companies ("MOT Regulation 45/2015"). MOT Regulation 45/2015 regulates the minimum authorized and/or paid-up capital transportation companies ie Sea, Air or Rail transportation services and other companies planning to engage in the transportation business.

Under MOT Regulation 45/2015, companies must comply with the minimum authorized and/or paid-up capital requirements. For example, the minimum capital stipulated requirements for sea transportation companies is IDR50 billion (authorized) and IDR12.5 billion (paid-up). For air transportation company the minimum paid-up capital varies depending on the number of passengers and whether flights are scheduled or unscheduled.

Regulation 45/2015 requires the authorized and/or paid-up capital to be stated in the opening balance report which has been audited by a registered public accountant. The audited report must be submitted by 14th April (at the latest) to the relevant Directorate General. For companies which have secured one of the above licenses, this report must cover the 2014 fiscal year.

Non-compliance with the minimum capital requirements may result in written warnings being served, followed by the license being suspended, and finally, the license being revoked. Companies which secured a license before MOT Regulation 45/2015 came into effect must make the necessary adjustments to become compliant within three years of the date upon which MOT Regulation 45/2015 came into effect, i.e. 24 February 2018.