

INDONESIA'S NEW CURRENCY LAW

On 28 June 2011, the Indonesian Government enacted Law No 7 of 2011 regarding Currency which came into force on the date of its enactment. The most interesting issue in the Currency Law which could cause problems for businesses is the mandatory use of Rupiah for all transactions conducted in Indonesia under Article 21 (1) and the prohibition against refusing to accept Rupiah under Article 23 (1). Exemptions from the mandatory use of Rupiah are provided under Article 21 (2), one of which is “international trade transactions” which is open to a fairly broad interpretation in practice. The Currency Law does not specify what transactions may be classified as “international trade transactions”. This may consequently cause uncertainty as to the enforcement of the law. Breaches of Articles 21 (1) and 23 (1) will attract criminal sanctions under Articles 33 and 39. Regardless of the above uncertainty, criminal sanctions have been applicable since the enactment of the Currency Law. An implementing regulation is to be issued by 28 June 2012.

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