

LEGAL
ALERT

Indonesia
24 August 2017

Author

Leoni Silitonga
Co-Executive Partner
Roosdiono & Partners
(a member of ZICO Law)
leoni.silitonga@zicolaw.com

Sianti Candra
Senior Associate
Roosdiono & Partners
(a member of ZICO Law)
sianti.candra@zicolaw.com



Cash Transactions Exceeding IDR100 Million May Be Restricted

The Government of Indonesia (“GoI”) has introduced a draft law on Restriction of Cash Transactions (“Draft Law”) to combat currency forgery, corruption, money laundering and terrorism financing as well as to educate and encourage the society to use alternative modes of payment.

In this alert, we discuss some of the key highlights of these changes.

Daily cash value limit

The Draft Law prohibits cash transactions exceeding IDR100 million (or its equivalent in any currency) within a day. This applies to both single and multiple transactions. A transaction means cash withdrawal, sale and purchase, payment, grant, and other activities using cash. Therefore, all transactions which exceed IDR100 million must be performed through alternative modes of payment.

For transactions that involve the use of foreign currency, the exchange rate of Bank Indonesia at the time of the transaction must be used in order to comply with the cash value limit.

Void agreements

Any agreement, which contains clauses that permit the use of more than IDR100 million in cash for the transaction shall be null and void.

Exceptions

Transactions which exceed the cash value limit are however permitted in the following circumstances:

- Transactions between financial service providers with the GoI and Bank Indonesia
- Transactions between financial service providers
- Cash withdrawals from banks for salaries, wages, and allowances
- Tax payments and other mandatory payment obligations
- Execution of court decisions
- Money management
- Hospital bills
- Natural disaster countermeasures
- Law enforcement
- Cash placements or deposits with financial service providers
- Delivery of foreign banknotes due to the sale and purchase of foreign currency
- In Indonesian territories where financial service providers are either not available or have insufficient infrastructures for non-cash transaction.

These exceptions will be further regulated by a Government Regulation.

Sanctions

Administrative sanctions may be imposed on those who contravene the cash value limit.



Public officials are obligated to refuse any cash transaction which exceeds the cash value limit. Failure to do so would subject them to sanctions based on the relevant regulations governing their offices.

This long-awaited Draft Law is a bold move from the GoI to restrict the use of cash in Indonesia and thus preventing further occurrences of currency forgery, corruption, bribery and money-laundering activities.

If you have any questions or require any additional information, please contact [Leoni Silitonga](#), [Sianti Candra](#) or the ZICO Law Partner you usually deal with.

This alert is for general information only and is not a substitute for legal advice.

www.zicolaw.com

