

Indonesia Actions to Implement the G20 High Level Principles on Beneficial Ownership Transparency

The concept of beneficial ownership transparency is already recognized under Indonesian law and it is in line with Indonesia's international obligations. However, the beneficial ownership in Indonesia is not regulated under a single regulation, it exists under separate laws such as taxation, financial transactions, etc.

Indonesia welcomes the G20 high level principles on beneficial ownership transparency since it complements Indonesia's efforts in strengthening the implementation of its beneficial ownership transparency strategy, improving good corporate governance, and also preventing corruption.

Indonesia's action to implement the G20 high level principles on beneficial ownership transparency focuses on activities and measures to (i) assess the current situation and risks; (ii) undertake study on beneficial ownership legislation in Indonesia; (iii) improve national regulations with a view towards the establishment of a comprehensive legislation on beneficial ownership; (iv) enhance compliance; (v) integrate databases, collect data and facilitate exchange of information; and (vi) international cooperation.

These activities and measures are aimed to improve several factors i.e. the balance between transparency of information and confidentiality, exchange of information among relevant authorities, centralized information, and implementation monitoring, as well as clear sanctions for non-compliance.

Toward that end, the activities and measures to be taken are as follow:

1. Indonesia National Risk Assessment of money laundering and terrorist financing is close to completion in assessing the current situation and risks. This risk assessment will identify the risk of different types of legal persons and legal arrangements under Indonesian Laws and their relation with money laundering crimes or other financial crimes. It will assist Indonesia in identifying the priorities in strengthening the beneficial ownership regulation based on the resulting risk assessment.
2. Undertake study on beneficial ownership legislation in Indonesia. This study will include an analysis on current Indonesia's registry for companies, in terms of efficiency to provide adequate, accurate, and current information; define mechanism for authorities to access the information; and propose recommendation to improve the system.
3. Legislation:
Work towards a comprehensive legislation on beneficial ownership that includes the following:
 - a. Definition of beneficial owners;
 - b. Beneficial ownership information management (i.e. company registry);
 - c. Accessibility of beneficial ownership information;
 - d. Liabilities: penalties for providing false information;

4. Compliance

Enhance the implementation of Customer Due Diligence Measures, as well as Know-Your-Customer principle for every financial transaction done through financial institutions, non-financial institutions and ensure the compliance by relevant professions (lawyers, notaries and other persons providing legal and accounting services).

5. Data collection and information sharing

Work towards an efficient and centralized data collection, with a view to facilitate an effective exchange of information on beneficial ownership between the national financial intelligence unit (FIU), state authorities and financial institutions in Indonesia.

6. International cooperation

Enhance and strengthen international cooperation in relations to basic and beneficial ownership information through mutual legal assistance and relevant international agreements.