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## Introduction of E-Commerce Regulation in Indonesia

In late November 2019, the Indonesian Government introduced Government Regulation No. 80/2019 on E-Commerce (“**GR 80/2019**”), which is trading using the e-commerce platform. This regulation shall indeed govern the use of e-commerce that is ever-growing in the world and particularly in Indonesia. The existence of this regulation is a recognition by the Indonesian Government of 3 types of sellers/intermediaries and its platform providers, which are generally the sellers, the e-commerce providers, and the intermediaries service provider. Firstly, the merchants/sellers will be the business actor that perform trading through electronic systems, either using their electronic systems or through the electronic system of an e-commerce platform. Secondly, e-commerce providers will be the provider of electronic systems used for trading transactions. This includes business models such as marketplace, online retail, price comparison website. Thirdly, intermediary service providers will be the provider of electronic communication medium other than telecommunication providers, which only function as an intermediary in electronic communication between the sender and receiver.

This regulation is meant to provide ease and efficiency for both local and foreign traders/intermediaries. Foreign business actors that have a significant economic presence in Indonesia will be classified as having a permanent establishment in Indonesia. The criteria thereto are the number of transactions, transaction values, number of shipped packages and/or volume of traffic, or number of users. These then imply that such foreign business actors must establish a separate or its own Indonesian legal entity that acts as its representative in Indonesia. However, this regulation has not yet clearly define what form of the legal entity must be established in Indonesia (e.g., PT PMA, foreign representative, agent, etc.). It is expected that further implementing rules will be issued thereto.

There are some obligations under GR 80/2019 that must be fulfilled by sellers/intermediaries. This includes amongst others to prioritize the use of Indonesian top-level domain (.id), the use of IP Address pursuant to Indonesian laws and regulations, using server device which is placed in the data center, carry out electronic system registration, comply with provisions on technical requirements established by the relevant agencies and secure reliability certificates pursuant to provisions of laws and regulations, periodically submits data and/or information to the government agencies and comply with provisions of other sectoral laws and regulations.

Both foreign and local business actors must obtain a business license. This obligation is exempted if it under certain criteria. In addition to that, they are obliged to have a feasibility certificate for electronic systems pursuant to existing laws and regulations.



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