

Indonesia

ARTICLE 3: ADVANCE RULINGS

Advance rulings on Origin

Aiming to expediting the movement, release and clearance of goods, including goods in transit as well as developing the effective cooperation between Customs and other appropriate authorities on global trade facilitation, Indonesia agreed to ratify the World Trade Organization – Trade Facilitation Agreement through Law Number 17 of 2017 and this agreement has entered into force since 22 February 2017. In June 2018, Indonesia submitted Notification of Category Commitments under the Agreement on Trade Facilitation to the WCO, where from 48 provisions, 3 provisions were still under B category. One of the provisions is the Article 3. Advance Ruling. The deadline for the implementation of the provisions in category B was on February 22, 2022 or 5 years since the agreement comes into force. In the process of developing the Advance Ruling on Origin practice, Indonesia referred to Revised Kyoto Convention, the General Annex – Chapter 9 (Information, Decisions and Rulings Supplied by Customs). In addition, other WCO tools and instruments provided by the WCO were also implemented such as: Technical Guidelines on Advance Rulings for Classification, Origin and Valuation, Practical Guidelines for Valuation Control, Advance Rulings.

Indonesia successfully fulfilled the Article 3. Advance Ruling of the WTO TFA by stipulating Minister of Finance of the Republic of Indonesia Regulation number 7/PMK.04/2022, dated 3 February 2022, pertaining to Procedure for Submitting Advance Ruling on Origin Application. According to the regulation stated, Advance Ruling on Origin means determination of the country of origin of goods by taking into account the applicable rules of origin, based on data submitted to the Director General of Customs and Excise prior to submission of Customs notification.

The Director General of DGCE has the authority to determine the authenticity of the goods to be imported in the Preference Scheme or Non-Preference Scheme before the Customs Declaration is submitted. The determination of the Scheme Preference is guided by the provisions of regarding the Provisions of Origin of Goods regulated in Ministerial Regulation regarding the procedure for imposing tariffs import duty on imported goods based on the agreement or international agreements. After the stipulation of the ministerial regulation related to advance ruling above, the interested parties may apply for the Advance Ruling on Origin as long as they can fulfill the requirement stated in the regulation. Then, all applications submitted will be proceed by using particular application called CEISA PKBSI in which offering real time and easy to access procedure. The decision of the application will be proceed within maximum 30 working days for AEO category applicant and 40 working days for other applicants. The Advance Ruling on Origin decision then can be used for 3 years since its issuance. Since the implementation of Advance Ruling on Origin regulation, Indonesia has fulfilled the full implementation of the WTO TFA.

The implementation of the Advance Ruling on Origin had led to following impact:

- *Accelerating the process of checking the origin of goods in accordance with international Customs practices, where the importers can fill the application and determination of the origin of the goods to be imported before the submission of the Customs notification.*

- *Customs has plenty of time to analyze the origin of the goods (Average best practice 30-50 days; WTO TFA –reasonable, time-bound manner, WCO ARG-no later than 150 days)*
- *There is a review mechanism for the importer.*
- *Customs still has the authority to reject the application, amend and revoke the Advance Ruling.*

Some of the advantages that Indonesia currently has in the application of advance ruling compared to the guidelines provided by the WCO are the time period for the decision to issue an advance ruling where Indonesia can proceed the decision of the advance ruling within a maximum period of 30 (thirty) working days for Advance Ruling on Classification and maximum 30 (thirty) and 40 (fourty) working days for Valuation Advice based on risk management of importer status.

In addition to the validity period of the Advance Ruling for Customs Validation and Value, and Origin of Goods where WCO provides guidance for at least one year and three years respectively, Indonesia is able to apply three years period for Customs Validation and Value.

Another added value of Advance Ruling on Origin is that it is free of charge, although in several other Indonesian cooperation partner countries they still apply a fee for the service requesting an advance ruling. Most importantly, all the procedures carried out digitally by using our National application.