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Since 28 June 2011, the Indonesian Government has been prohibiting the use of foreign currencies in payment transactions performed in Indonesia. Although the Currency Law has imposed imprisonment and fine for offenders of such mandatory use of Rupiah, there are still many transactions using foreign currencies. This is mainly because of the existence of loopholes in the Currency Law that is being interpreted allowing the use of foreign currencies as long as it is agreed in writing and the interpretation of the Ministry of Finance that excludes non-cash transaction from the scope of the Currency Law.

To implement the Currency Law, Bank Indonesia has enacted BI Regulation 17/3/PBI/2005 on the mandatory use of Rupiah within the territory of Indonesia (BI Regulation). Under the BI Regulation, the use of foreign currencies in non-cash transactions is prohibited, in addition to the prohibition to use foreign currency in cash transactions that has been introduced since 2011. Refusal of the Rupiah as currency is also prohibited, except where there is doubt regarding the authenticity of the Rupiah or if payment in foreign currencies has been agreed in writing. Differing from the Currency Law, the BI Regulation explains that "written agreements" that may exempt one from using Rupiah are agreements (i) within the framework of the implementation of the State Budget (APBN), (ii) on grants to or from offshore, (iii) in international trade transactions, (iv) related to bank savings in foreign currencies, or (v) international financing transactions and (vi) strategic infrastructure projects and subject to BI approval.

The BI Regulation also introduces the obligation to use Rupiah in price quotations for good and/or services. To bridge the imposition of mandatory use of Rupiah in transactions within the territory of Indonesia, the BI Regulation sets 1 July 2015 as the latest date for any party to use foreign currencies.

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[http://indonesien.ahk.de/fileadmin/ahk\\_indonesien/Bilder/Corporate\\_services/NL\\_Law\\_\\_\\_Taxes/Law\\_\\_Taxes\\_June\\_2015.pdf](http://indonesien.ahk.de/fileadmin/ahk_indonesien/Bilder/Corporate_services/NL_Law___Taxes/Law__Taxes_June_2015.pdf)