

**ANALYSIS OF THE ROLE OF THE DIRECTORATE GENERAL  
OF CUSTOMS AND EXCISE IN SUBCONTRACT APPROVAL  
SERVICES IN BONDED AREAS DURING THE PANDEMIC IN  
ORDER TO IMPLEMENT THE PROGRAM  
NATIONAL ECONOMIC RECOVERY**

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**ABSTRAK**

*The author conducts an analysis of the role of the Yogyakarta Customs and Excise Supervision and Services Office of Type B, Yogyakarta in subcontract approval services in Bonded Zones during the pandemic to implement the National Economic Recovery program. The method used by the author is a descriptive qualitative approach using literature and field observation methods. From the research results, it was concluded that KPPBC TMP B Yogyakarta has had innovations in providing subcontract approval services during this pandemic. However, it is hoped that the application that has been used will not burden business actors too much. So that in the future improvements must continue to be made by KPPBC TMP B Yogyakarta so that business actors will be more motivated in running their businesses and increase the value of exports which will be directly proportional to National Economic Recovery.*

**Keyword:** *National Economic Recovery, subcontract approval services, Customs and Excise*

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## **INTRODUCTION**

With the industrial revolution 4.0, it inevitably forces every country to compete against it. Including Indonesia, which is currently still at the preparation stage when compared to other countries such as Germany, America, and so on. More and more countries are competing to face the industrial revolution 4.0 by carrying out various kinds of innovations in the field of international trade. In addition, the COVID-19 pandemic since the beginning of 2020 has forced business actors in various countries to innovate in carrying out their business processes. The implementation of lockdown policies and the hashtag #stayathome (#stayathome) in various countries has caused several business actors to eventually go out of business. However, there are quite a few business actors who are still surviving and adapting to health protocols and implementing various innovations to continue running their business processes.

During the current pandemic, Indonesia, especially the Directorate General of Customs and Excise (DJBC), must also prepare to face future challenges. Armed with the tagline "Customs and Excise is Getting Better," DJBC always strives to provide the best service to its stakeholders. Business actors are encouraged to continually increase their export volume so that it has an effect that is directly proportional to the country's foreign exchange. This is in line with DJBC's two main functions, namely as Trade Facilitator and Industrial Assistance. Trade Facilitator is to provide trade facilities so that it can reduce high economic costs which will ultimately create a conducive trade climate. In the field this function is implemented by providing convenience for service users in order to provide faster service and supervision. Meanwhile, Industrial Assistance is DJBC's function to assist the movement, progress and development of domestic industry. DJBC is required to protect domestic industry from the rigors of global competition, so that domestic industry has a competitive advantage and can compete in international markets. In connection with this function, DJBC provides various facilities and/or conveniences for domestic business actors. One of them is the Bonded Zone facility. The definition of a bonded area based on the Minister of Finance Regulation (PMK) Number 131/PMK.04/2018 is a bonded storage area (TPB) for storing imported goods and/or

originating from other places in the customs area for processing or combining the results mainly for export. Companies receiving this facility are given a deferral of payment of Import Duties and Taxes for Imports (BM and PDRI) on all imported goods and will be exempt from paying BM and PDRI when the goods are released (exported).

In carrying out its business processes, companies often experience production overcapacity. So these companies transfer some of their production activities to other companies, this is what is called subcontracting activities. As of August 2020, the Yogyakarta Customs and Excise Supervision and Services Office for Type B Yogyakarta (KPPBC TMP B Yogyakarta) has designated 19 companies as recipients of Bonded Zone facilities. And of these 19 companies, the majority carry out subcontracting activities, both to fellow facility recipients / Companies in Bonded Zones (PDKB) and to non-facility recipients / Other Places in Customs Areas (TLDDP).

In carrying out its duties and functions, DJBC is required to always provide the best service in order to make it easier for business actors to carry out their business processes. Therefore, it is necessary to research whether DJBC's role in providing services during this pandemic can make the government's program for National Economic Recovery a success? During this pandemic, the government is trying to provide various kinds of facilities so that business actors do not feel burdened by all procedures which are considered to slow down business activities which will have an impact on the National Economic Recovery Program. Therefore, it is necessary to carry out research at KPPBC TMP B Yogyakarta with the aim of finding out various types of innovations and conveniences that have been implemented in services related to subcontracting activities. As well as to find out the positive and negative impacts obtained by business actors from the innovations that have been implemented.

## **METHOD**

The method used by the author in the research is the library method, namely by collecting information that is relevant to the topics discussed such as laws, government regulations, regulations of the Minister of Finance, and work plans within the Directorate General of Customs and Excise as well as books and the internet. The author uses a descriptive

qualitative approach in research, namely by describing or depicting existing research objects accompanied by adequate explanations. The types of data used in this research are primary data and secondary data. Primary data is data that is directly obtained from the object under study, while secondary data is data that is obtained indirectly from the object or subject of research. The data collection process carried out was by studying documents originating from the Work Plan within the Directorate General of Customs and Excise.

## **RESULTS AND DISCUSSION**

### **History of the Directorate General of Customs and Excise**

Customs and Excise is an institution that almost all countries in the world have, as do the police, prosecutors, courts or armed forces, whose existence has existed throughout the history of the country itself. In Indonesia, the function of Customs and Excise is believed to have existed since royal times, but since the entry of the VOC, it has begun to be institutionalized nationally. At that time, Customs and Excise officers were also known as douane, whose task was to collect import duties, export duties and excise. The task of collecting import duties, export duties and excise is what gave rise to the term Customs and Excise in Indonesia. After Indonesia's independence, on October 1, 1946, the Customs and Excise Agency was formed with the name "Customs and Excise Office" and October 1, 1946 was made the birthday of Indonesian Customs and Excise. Based on Government Regulation Number 51 of 1948, the term "Customs and Excise Office" changed its name to "Customs and Excise Bureau" and after 1965 until now the name became the Directorate General of Customs and Excise (DJBC).

Vision, Mission and Organizational Structure of the Directorate General of Customs and Excise

The vision of the Directorate General of Customs and Excise is "Becoming the Leading Customs and Excise Institution in the World" and the Mission of the Directorate General of Customs and Excise is "We facilitate industrial trade", "We guard borders and protect the Indonesian people from smuggling and illegal trade", and "We optimize state revenues in the customs and excise sector".

The organization and work procedures of the regional Directorate General of Customs and Excise consist of:

1. 3 (three) Customs and Excise Laboratory Halls;
2. 5 (five) Customs and Excise Operation Facilities Bases;
3. 3 (three) Main Customs and Excise Service Offices;
4. 20 (twenty) Regional Offices of the Directorate General of Customs and Excise; And
5. 104 (one hundred and four) Customs and Excise Supervision and Service Offices.

#### Organizational Structure of KPPBC TMP B Yogyakarta

The Yogyakarta Middle Type Customs and Excise Supervision and Services Office is a vertical agency of the Directorate General of Customs and Excise and is directly responsible to the Head of the Regional Office of the Directorate General of Customs and Excise for Central Java and the Special Region of Yogyakarta. Based on Minister of Finance Regulation Number PMK 168/PMK.01/2012 concerning Organization and Work Procedures of Vertical Agencies of the Directorate General of Customs and Excise, KPPBC TMP B Yogyakarta consists of:

1. General Subsection, consisting of,
  - a) Administrative and Personnel Affairs
  - b) Financial Affairs
  - c) Household Affairs
2. The Enforcement and Investigation Section consists of,
  - a) Intelligence Subsection
  - b) Enforcement and Operational Facilities Subsection
  - c) Investigation Subsection and Action Result Items
3. The Treasury Section consists of,
  - a) Revenue and Guarantee Administration Subsection
  - b) Billing and Refund Administration Subsection
  - c) Manifest Administration Subsection
4. Customs and Excise Services Section (PKC) I-VI consists of,
  - a) Customs and Excise Hangar Subsection I-VII
5. The Extension and Information Services Section consists of,

a) Extension Subsection

b) Information Services Subsection

6. The Internal Compliance Section consists of,

a) Compliance Subsection for Implementation of Service and Administrative Duties

b) Compliance Subsection for Implementation of Supervision Duties

7. Data Processing and Document Administration Section

**General Subcontracting Provisions for Companies receiving Bonded Zone facilities**

In order to increase investment and encourage the export sector, the government, in this case DJBC, provides fiscal incentives in the field of customs and taxation, one of which is Bonded Zones. Bonded Zone is a Bonded Storage Place for storing imported goods and/or goods originating from other places in the customs area to be processed and combined, the results of which are mainly for export. The Bonded Stockpiling Place itself is a building, place or area that meets certain requirements which is used to stockpile, process, display and/or provide goods for sale by obtaining a suspension of Import Duty.



Source: KPPBC TMP B Yogyakarta data

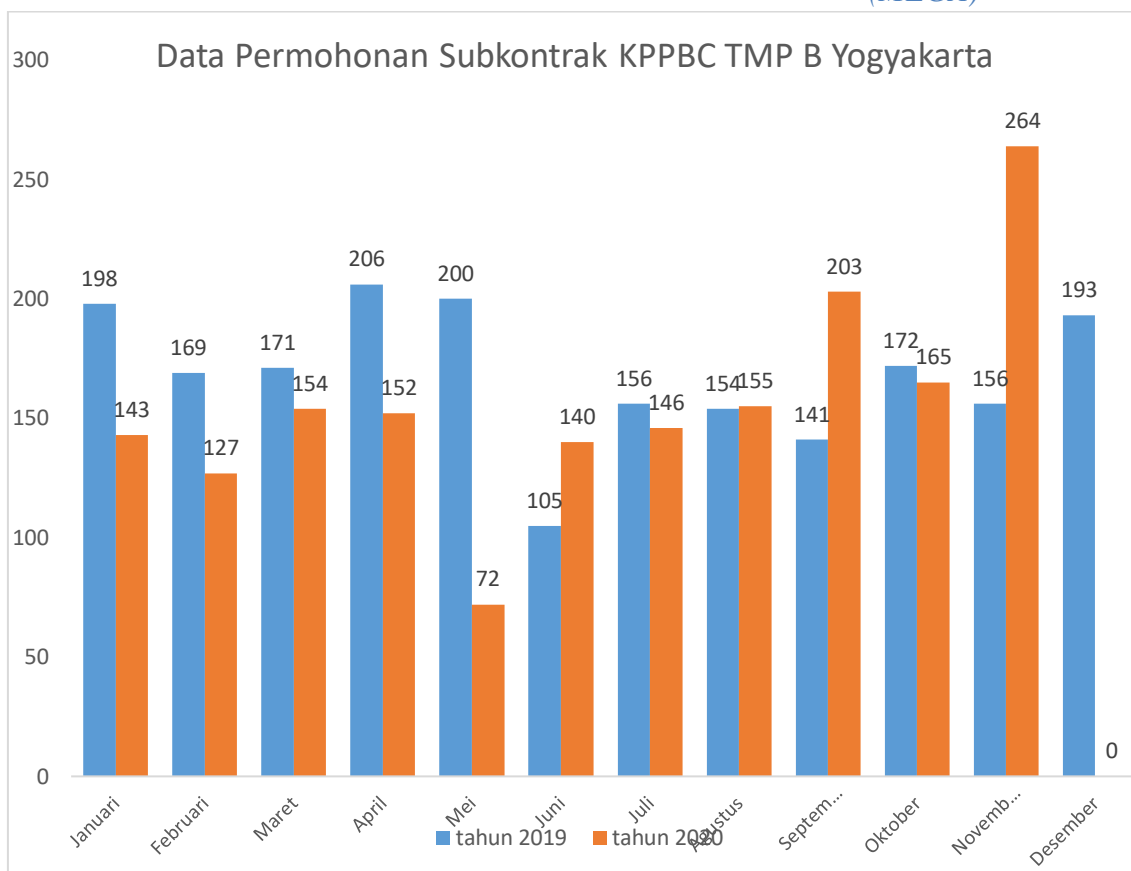
Facilities provided in Bonded Zones include: 1) suspension of import duties, no VAT, PPnBM and PPh article 22 imports on all imports of capital goods, raw materials, auxiliary materials and sample goods from outside the customs area which are related to the company's production activities ; 2) no VAT and PPnBM are levied on import of taxable goods from TLDDP for further processing, delivery of goods produced between Bonded Zones for further processing, release of goods to industrial companies in TLDDP

or other Bonded Zone companies in the context of subcontracting and handing back goods—origin of subcontract; 3) exemption from excise duty on imported goods or materials to be processed at the Company in Bonded Zones (PDKB) and excisable goods originating from TLDDP for further processing. The aim of providing this facility is primarily to encourage the development of the business world and increase the competitiveness of companies on a global scale.

In accordance with PMK No. 131/PMK.04/2018 and Regulation of the Director General of Customs and Excise Number PER 19/BC/2019 concerning Bonded Zone Management, it is explained that PDKB can release goods and/or materials to: outside the customs area, other TPB, Free Zone, TLDDP, special economic zones, and/or other economic zones determined by the government in the context of subcontracting. To date, the PKBs at KPPBC TMP B Yogyakarta have subcontracted to other TPBs and TLDDP. As has been explained, all goods in PDKB are still covered by BM and PDRI so the procedures for subcontracting to other TPBs (between PDKBs) are different from subcontracting to TLDDP. In the case of subcontracting to TLDDP, PDKB is permitted to release goods: 1) after obtaining approval from the Head of the Customs Office by setting a time limit for the re-entry of goods and/or materials into the Bonded Zone; 2) risk collateral in the amount of BM, Excise and PDRI owed; 3) initial inspection (sorting) and final inspection (packaging) activities must be carried out at the subcontract provider's PDKB. In the case of subcontracting between PDKB, PDKB is exempt from this obligation.

**Mechanism for Submitting Subcontract Work Permits from Bonded Zones to TLDDP**

During 2019, KPPBC TMP B Yogyakarta issued 2,021 subcontract approval letters. So on average in one day KPPBC TMP B Yogyakarta serves 8 subcontract requests. Based on the Service Declaration which has been signed by the Head of KPPBC TMP B Yogyakarta, the standard service time for subcontract approval is 2 (two) working days. And there is no charge for this service.



The licensing service procedures for granting subcontract work from PDKB to TLDDP which are implemented at KPPBC TMP B Yogyakarta are as follows:

1. PDKB submits a letter requesting subcontract approval by attaching it
  - a) Photocopy of business license of the industrial company/business entity receiving the subcontract
  - b) Subcontract agreement
  - c) Estimated calculation of remaining goods/materials
  - d) Calculation of collateral value; And
  - e) Statement letter from the subcontract recipient who is willing to be audited by Customs and Excise
2. The document receiving official (pendok) at KPPBC receives the subcontract approval request letter to TLDDP along with the attachments and carries out research on the completeness of the requirements. When complete, the application letter is recorded in

the register book and an agenda number for the incoming letter is given. If it is incomplete, the application letter will be returned to be completed or corrected.

3. The Head of the PKC Section receives the application letter for subcontract approval to TLDDP and then checks all the requirements.

4. The Head of the PKC Section gives approval if the application letter documents meet the requirements. Then the Head of the PKC Section disposes of the application letter file to the PKC Section Staff to prepare a draft letter of approval or letter of return/rejection if it does not meet the requirements.

5. PKC section staff prepares a draft letter of approval/return/rejection according to the disposition of the PKC Section Head

6. The Head of the PKC Section checks and signs the letter of approval/return/rejection

7. PKC section staff administers letters of approval/return/rejection according to their intended purpose, namely:

- a) Letter of approval (destination address) submitted to the Resident Officer;
- b) Copy according to destination address; And
- c) Archives.

8. The boarding officer receives the approval letter to be submitted to PDKB or authorized person with a receipt

9. PDKB or its proxy receives the letter of approval/return/rejection and returns the receipt to the resident official.

After PDKB or its authorized person has obtained subcontract approval, PDKB is obliged to submit a number of guarantees for the BM and PDRI value of the goods to be released. The value of this guarantee is calculated based on the deferred BM and PDRI values at the time of entry. However, it is adjusted to the number of goods to be issued. The illustration can be described as follows:

PT. X is a company receiving a bonded area facility importing 1000 meters of textile fabric, on the goods suspended by BM and PDRI in the amount of Rp. 30,000,000 and 20,000,000. Due to excess production capacity of PT. X subcontracted to its subsidiary which did not receive bonded zone facilities, namely PT. Y. Goods to be subcontracted from PT. X to PT. Y is 100 meters of textile fabric. For these expenses, the value of the

guarantee that must be issued by PT. X is IDR. 3,000,000 for BM and Rp. 2,000,000 for PDRI.

The process of submitting this guarantee is carried out in the Treasury section. The guarantee made by PDKB is a guarantee issued by an insurance company which is usually called a customs bond. Guarantee in the form of a customs bond is a guarantee in the form of a certificate that provides a guarantee of payment of state levy obligations in the context of customs activities and/or fulfillment of the obligation to submit collateral required in customs regulations to the obligee in the event that the principal fails to fulfill payment obligations in accordance with statutory regulations in the customs sector. . Guarantees from insurance companies in the form of customs bonds must be issued by sureties which are included in the list of general insurance companies that can market guarantee products from guarantee companies based on the Minister's decision. After submitting the customs bond, the Treasury Section will examine the completeness and correctness of the data on the value of the guarantee made by the company. Once complete and correct, the Treasury Section will submit Proof of Guarantee Receipt (BPJ) to PDKB or authorized person. With the issuance of the subcontract approval letter and BPJ, PDKB can create a document for releasing goods for the subcontract (BC 2.6.1) by attaching the subcontract approval letter and BPJ that has been received.

Innovation in subcontracting services by KPPBC YMP B Yogyakarta

At the beginning of the pandemic, due to Covid-19, the country's economy experienced a drastic decline. Lockdown policies, PSBB and avoiding crowds have a big influence on the business processes of business actors. In fact, many foreign funds have also been withdrawn from Indonesia as a result of world economic uncertainty and investors' efforts to secure their personal assets. This is proven by the decline in the IHSG value which reached below IDR 5,000 from the beginning of March to July. This value is the lowest value over the last 3 years. For business actors, this is made worse by the government's policy to temporarily lay off State Civil Servants (ASN) by implementing the Work From Home working principle. The activities of business actors related to ASN are becoming increasingly hampered.

Little by little the government is starting to improve to restore the country's economy. With various innovations implemented, service activities strive to continue to be carried out by paying attention to health protocols. Likewise, what was done at KPPBC TMP B Yogyakarta, with the Covid-19 pandemic, the Head of KPPBC TMP B Yogyakarta is still trying to provide services to business actors in the Yogyakarta area. In all fields, methods are implemented that minimize face-to-face meetings, such as online meetings using zoom, virtual socialization with webinars, ethyl alcohol counting using video calls / zoom, and so on. In services to PDKB, many innovations are also implemented that make it easier for service users. Innovations in subcontract approval services include:

1. Receiving subcontract approval request documents via email

Service users are no longer required to submit files (hardcopy) to submit a request for subcontract approval. Service users or those authorized can submit applications directly from their respective companies without having to come directly to KPPBC TMP B Yogyakarta. After receiving an email containing the application letter along with other complete documents, the office staff examines the correctness and completeness of the files from the service user. If there are document deficiencies or errors, the boarding officer will notify the service user. This makes it very easy for service users, especially for companies located quite far from KPPBC TMP B Yogyakarta. In terms of cost and time, using email is very efficient, especially when the officer concerned is implementing WFH, requests for subcontract approval from users of this service can still be served.

2. Use of the Electronic Official Document Management (TNDE) application

Since the Covid-19 pandemic, KPPBC TMP B Yogyakarta decided to use the TNDE application as a whole. The TNDE application is an application used by the Ministry of Finance in preparing various official documents, including subcontract approval letters. The TNDE application can be accessed via the web or mobile phone applications, which makes employees at KPPBC TMP B Yogyakarta more flexible in carrying out their work at home. In it, employees can draft a letter which will later be signed by the Section Head or Head of Office electronically with a Digital Signature. Apart from that, the drafter can also monitor letters that have been submitted, whether they have been approved by superiors or need correction. After the letter has been signed and received a registration

number, an electronic letter will be sent to the service user via email. Apart from reducing time and costs, the use of the TNDE application can also be said to have implemented the go green concept, namely by reducing the use of paper (paperless) in making official documents. Apart from that, the letters that have been created are also stored on the TNDE application server system which is currently managed by the Information and Technology Center of the Ministry of Finance (Pusintek Kemenkeu).

### 3. Submission of Proof of Guarantee Receipt in electronic form (E-BPJ)

Currently, KPPBC TMP B Yogyakarta has utilized an application system developed by the Treasury Section called SI BLANKON (Jogja Customs Application Serving Subcontracts). The application began to be used by service users in September 2020. Although there are still several program deficiencies and errors, it is hoped that this application can simplify services, especially in subcontract approval services. This application implements a self-assessment system, service users record their respective data on the value of the guarantee that has been submitted and reconcile it with the data recorded by the insurance company which is the guarantor of the relevant PDKB. Once the data received is complete and correct, the Treasury Section via the SI BLANKON application can issue BPJ in electronic form which can be immediately downloaded by service users afterwards.

#### Service User Complaints regarding subcontract approval letter services

Entrepreneurs who are members of the Bonded Zone Entrepreneurs Association (APKB) have a routine agenda of holding meetings and discussions with KPPBC TMP B Yogyakarta every month. This activity usually discusses the latest issues as well as monitoring and evaluation of supervision and services at PDKB. Occasionally, APKB representatives also express their appreciation and complaints about the services at KPPBC TMP B Yogyakarta. Some of the complaints that have been submitted by APKB representatives include the following:

#### 1. Issuance of old subcontract documents

PDKB representatives complained that the issuance of subcontract approval documents took a long time. According to the PDKB representatives, the application documents they submitted were complete and correct, so the issuance of this subcontract approval

document should not take more than 1 (one) day. However, in reality, subcontract issuance can take more than 1 day and a maximum of 2 (two) days. This is considered less efficient for PDKB because the difference in days in production activities can result in delays in the company's export plans.

## 2. Dissatisfaction with the use of the SIBLANKON application

Based on the experience of PDKB representatives, the application, which was only launched in September 2020, still has many shortcomings. Starting from the slow response and display that is still far from perfect. PDKB representatives also complained that there were too many applications/innovations made by KPPBC TMP B Yogyakarta which actually made service users confused and needed more time to learn how to use new applications. Often service users also have to seek information directly from KPPBC TMP B Yogyakarta regarding the slow response to the application in question.

## CONCLUSION

Indonesia currently has to prepare to face the big challenges ahead, namely the industrial revolution 4.0. So it is natural for the government to encourage business actors to be more motivated. Especially in today's difficult times, since the announcement of the Covid 19 pandemic as a non-natural disaster. The challenges faced by business actors are becoming increasingly difficult. Therefore, the government through DJBC has prepared various strategic steps to make the National Economic Recovery program a success.

To increase economic growth in carrying out national economic recovery, DJBC has prepared various strategic steps. The functions of trade facilitator and industrial assistance are the basis for preparing this step. Various relaxation and convenience programs in both procedural and fiscal terms have also begun to be implemented. The various conveniences and facilities that have been provided are also balanced with import controls. DJBC has implemented online physical checks and carried out surveillance via CCTV. In maintaining industrial independence and resilience, DJBC also plays a role in tightening imports of various products that can actually be produced domestically. And always encourage business actors to use domestic products as raw materials for export goods.

At KPPBC TMP B Yogyakarta, there are innovations that are already underway, which are expected to provide convenience to business actors in the Special Region of Yogyakarta Province and its surroundings. However, according to business actors, there are still many things that need to be improved. This is because a large number of applications will actually reduce the level of productivity of service users. So it is hoped that DJBC, especially KPPBC TMP B Yogyakarta, can consider various complaints submitted by business actors through APKB so that continuous improvements will produce convenience in the future. And by digitizing services from all logistics entities, it is hoped that easier and more efficient services will be created.

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