



# Temporary Import Implementation of Imported Goods or Logistics for Exhibition/ Conference/ International Events in Indonesia

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**Abstract** In various countries in the world, goods for exhibitions, conferences or other international events are included in the temporary import scheme, which means that the goods are re-exported again when the event is finished. The amount of import duty for imported goods is also different from ordinary imported goods. In Indonesia, there are 2 (two) import duty facilities for goods needed for exhibitions, conferences and international events, namely suspension of import duties and exemption from import duties. This facility is provided to support national tourism so that it can encourage national economic growth. This research will explore how the temporary import process and import duties are applied to imported goods for exhibitions, conferences and international events. This research is qualitative research, data collections are based on the results of interviews and literature study. The results of this research describe in detail how the temporary import process for goods needed for exhibitions/conferences / other international events in the phases before and upon arrival (pre event), the phase during the event (during event) and the phase after the event is completed (post events).

**Keywords:** Temporary Import, Exhibition, Conference, International Events, Business Tourism, MICEFirst SectionPlease note that the first paragraph of a section or subsection is not indented. The first paragraphs that follows a table, figure, equation etc. does not have an indent, either.

## 1. Introduction

In every exhibition, conference, or international event, there is almost always an accompanying import of goods or logistical shipments. In Indonesia, items for exhibitions, conferences, and other international events such as fashion, foodstuff, automotive, manufacturing industry, and furnishing can be included under a temporary import scheme. The Temporary import policy is one of the import procedures under Customs administration control, which states that goods can only be imported for a specific period, and should be re-exported afterwards. (Hadi et.al, 2018)<sup>1</sup>. Temporary import procedures are customs procedures that regulate certain goods that can be imported into a customs area under certain conditions and are exempt from the obligation to pay import duties and taxes and must be intended for re-export within a certain period of time on the condition that the goods do not experience any changes except for reasonable depreciation due to the use of the goods. (World Customs Organization, 1990)<sup>2</sup>.

Goods needed for exhibitions, conferences and other related activities in PMK 106/PMIZ.04/2019 are listed first in the temporary import category. Facilitation of import duty facilities for goods included in the temporary import category can be provided with certain conditions. This facility provides convenience for organizers in the form of deferral of import duties and tax exemptions in the context of importing goods to be exhibited. (Ministry of Finance, 2024)<sup>3</sup>

Facilities of goods for exhibitions namely that the import of exhibition goods to the stockpiling area from outside the customs area, which is included in certain quantities and types, will be given a suspension of import duties, no tax will be collected in the context of imports, and granted tax exemption. This convenience will increase promotion of domestic industry and facilitate increasingly positive public interest in international exhibitions. <sup>4</sup> Until now, literature studies regarding temporary imports, especially in organizing exhibitions, conferences and international events, are very limited. This research will probably be the first research to discuss this topic.

## 2. Research Method

This research is qualitative research using observation methods, in-depth interviews, document analysis and literature studies. A methodology called qualitative research is created to gather non-numerical data to produce insights. It is not statistical and is either semi-structured or unstructured<sup>5</sup>. Observation method is described as a method to observe and describe the behavior of a subject and it involves the basic technique of simply watching the phenomenon until some insight or insight is gained. <sup>6</sup> (Kumar, 2023). The purpose of in-depth interviewing is to get detailed information that sheds light on an individual's perspective, experiences, feelings, and the derived meaning about a particular topic or issue. <sup>7</sup> (Rutledge, 2020). Data collection was carried out through observations at the Indonesian customs office to obtain information and data on how temporary import duties were handled by the customs office. At the same time as the observation activities, in-depth interviews were also conducted with Ngurah Rai Bali Customs, Belawan Medan Customs Office and Rawamangun Customs Office.

Several important documents in the process of handling temporary imports and import duties for goods at exhibitions/conferences and other international events are also provided for further analysis, such as examples of Decree Letters (SKEP), Import Notifications (PI), related regulatory documents and others. Meanwhile, a literature study was carried out to academically confirm the findings during observations and interview results.

### **3. Result and Discussion**

#### *3.1 Overview Temporary Import*

When organizing events such as automotive events or international exhibitions/conferences, importers tend to choose to use a temporary import scheme. The temporary import scheme is different from the regular import scheme. The temporary import scheme exempts import duties and taxes. The temporary import licensing process is also simpler because it does not require many procedures unlike general imports which involve a lot of documents and procedures. However, there are also several items needed for events that cannot use the temporary import scheme, for example consumables used for holding international automotive events such as MotoGP.

Temporary Import is the entry of imported goods into the customs area which are truly intended to be re-imported within a maximum period of 3 (three) years. Requirements for Goods issued as Temporary Imported Goods:

- a. the imported goods will not be used up either in function or form;
- b. the imported goods do not undergo any essential changes in form;
- c. when re-exported it can be identified as the same item when imported;
- d. the purpose of using imported goods is clear; And
- e. At the time of import there is supporting evidence that the imported goods will be re-exported

The Law on Customs explains the provisions regarding the import of goods with temporary status, which allows goods to enter Indonesia without paying full import duties under certain conditions, such as being used for certain purposes and having to be released again after a specified period of time. (Article 10D paragraph 7 of Law Number 17 of 2006) 8. This provision provides a legal basis for the implementation and supervision of temporary imports of goods, as well as ensuring that the process complies with applicable regulations.

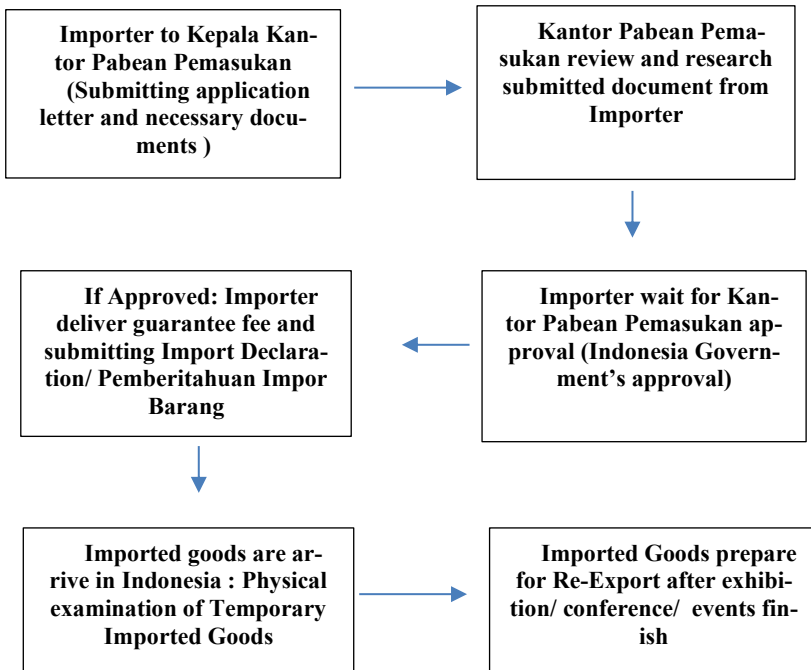
**General Temporary Import Implementation : Goods for the Purposes of the Exhibition/ Conference/ Events**

Based on the results of interviews with Customs and Excise Offices in the Sumatra and Jakarta Regions, the use of temporary import schemes for goods at exhibitions, conferences or other international events can use the general temporary import mechanism or temporary imports using ATA Carnet.

When holding an international event, if the importer wants to use temporary (general) import facilities, the importer must submit an application to the Head of the Customs Office at the place of entry of the Temporary Imported goods. (PMK NUMBER 178/PMK.04/ 2017 concerning Temporary Imports)<sup>9</sup>. The supporting documents that must be attached include:

- Documents that explain the estimated value of the goods and specifications of the goods (goods identity), the purpose of using the goods and the import period
- Documents showing that the imported goods will actually be re-exported within a certain period
- Documents explaining the identity of the Temporary Import permit applicant.

After completing the documents, the Head of the Customs Office or Customs and Excise Official appointed on behalf of the Minister issues a Decree of the Minister of Finance regarding the granting of a Temporary Import permit. Next, the importer must submit a Goods Import Notification (PIB) to the Head of the Customs Office.



**Fig.1 General Temporary Import Mechanism**

(Source: Data Compilation from Interview & Observation, 2024)

After submitting the Import Declaration, the imported goods then enter Indonesia and undergo a physical inspection. The inspection includes the physical goods, the intended use of the goods, the temporary import period, etc. in accordance with the previously attached documents.

The temporary import period is given according to the intended use, a maximum of 1 year, and can be extended so that the total temporary import period is a maximum of 3 years. Temporary Imported Goods for exhibitions, seminars, conferences or similar activities are for a maximum of 1 year & cannot be extended. However, during the indirect application process a period of 3 years is given. Usually it will be given in stages for a maximum of 1 year and can be extended 2 times with a maximum of 3 years. But it doesn't have to be a year, depending on the terms of the documents submitted by the importer.

### *3.2 Temporary Import Sequences*

The preparation and implementation phases are very important initial steps before carrying out temporary imports. At this stage, importers must do the following in the form of a temporary permit application process:

1) Application for temporary import permit - At this stage the importer must make an application on the Service User Portal on the Ceisa 4.0 website which is listed on social media or the website of the Indonesian Directorate General of Customs and Excise. Importers must submit applications on the Service User Portal by attaching several important documents required for the temporary import process. The application must also be accompanied by several important documents such as: Item details, Port of entry, Location of use, Purpose of use and Time period.

2) Research and Review Application/ Documents - At this stage, the Import Customs Office will conduct research regarding the temporarily imported goods. This research takes the form of fulfilling the requirements for the goods, intended use, documents attached, determining the time period, determining the customs value and clarification.

3) Approval Decision - At this decision stage, the Import Customs Office will determine whether the goods can be imported temporarily or not. The status of the decision to accept or reject temporarily imported goods will be updated on the Ceisa 4.0 Temporary Import website on the Service User Portal of the Indonesian Directorate General of Customs and Excise. Then the permit approval is submitted to the Customs Supervisory Office as a basis for carrying out supervision.

4) Import Declaration - Realization of imports is carried out by submitting PIB via the Ceisa 4.0 Temporary Import website on the Service User Portal of the Indonesian Directorate General of Customs and Excise. Next, the importer needs to do:

□ Make payments and submit collateral via the Ceisa 4.0 website on the Service User Portal of the Indonesian Directorate General of Customs and Excise. After making payment, the temporary SKP Import has been integrated with CEISA Import.

□ The Import Customs Office will conduct document research and physical inspection of temporarily imported goods.

□ If the inspection results are appropriate, the importer will receive approval to release the goods. However, if it is not appropriate, further research will be carried out by the monitoring unit for recommendations.

5) Temporary Import Realization - In the implementation phase, imported goods that have arrived at the airport or port will be taken to the TPS (Temporary Storage Place) which is under strict supervision by the Directorate General of Indonesian Customs and Excise, the Import Customs Office of the temporarily imported goods for inspection and unloading in the area. Customs.

Temporarily imported goods are subject to a time period determined by the Directorate General of Customs and Excise. The temporary import period is given according to the intended use of a maximum of 1 year, and can be extended 2 times with a maximum total temporary import period of a maximum of 3 years. Exhibition items that can be extended are motorized items by submitting a project contract and there is an agenda for the event. Because, the permission granted is in accordance with the agenda contained in the supporting documents.

If the goods are approved by KMK, the importer must pay the BM and/or adjust the guarantee, no later than 30 days from the end of the previous temporary import permit period. Then, if 30 days have passed, the KMK extension is not valid and the goods must be re-exported and are subject to sanctions for late re-export. If the goods are rejected by KMK, the goods must be re-exported no later than 30 days from the end of the previous temporary import permit period. If 30 days have passed and the goods have not been re-exported, it will be considered too late, the goods must be re-exported and will be subject to sanctions.

Then, when the goods have been used, they are still given flexibility for the waiting period until the goods are re-exported. The final result of the application process at Customs and Excise is the issuance of a Temporary Import Permit Electronic Certificate (SKEP). In this SKEP, the period of use of temporarily imported goods will be adjusted to the duration of the activity in question. For example, if an exhibition ends on August 31, 2024, the SKEP issued will also include a time limit for using the goods until that date.

Before the time period stated in the SKEP ends, the importer is obliged to submit written notification to Customs regarding plans to re-export goods. This notification functions as initial information for Customs to verify the relevant documents.

As a form of accommodation, Customs and Excise provides an additional deadline of 30 days after the end of the period stated in the SKEP for importers to carry out re-exports. This additional time is given to provide flexibility for importers in carrying out

logistical preparations such as packaging and arranging transportation. This additional time is only valid if the importer has submitted a re-export notification to Customs before the time limit specified in the SKEP ends.

### *3.3 Monitoring and Re- Export*

#### **Monitoring**

In this phase, the goods monitoring process has been carried out from the beginning when the temporarily imported goods arrive at the Import Customs Location for inspection. Since the goods arrive and have gone through the inspection process, the Import Customs Office of the Directorate General of Customs and Excise has determined where the temporarily imported goods will be stored.

Customs officers will track the movement of temporarily imported goods during their use period. Apart from that, officers can also visit the location where the goods are used to ensure that the goods are used according to their intended purpose and are not misused.

During the period of use, importers are required to report periodically regarding the use of the temporarily imported goods. If the importer plans to change the intended use or move the storage location for temporarily imported goods, he must submit a written application to the Head of the Customs Office that issues the temporary import permit. The request must be accompanied by clear reasons and relevant supporting documents.

The Head of the Customs Office will evaluate the application and provide a decision. If the application is approved, changes to the temporary import permit will be made. Importers are obliged to comply with the provisions stated in the renewed permit.

Importers who do not comply with the provisions regarding temporary imports, such as not carrying out periodic reporting, changing the intended use without permission, or not re-exporting goods within the specified time period, may be subject to administrative or criminal sanctions in accordance with applicable laws and regulations.

Regarding to events such as concerts, goods must be monitored by the Customs Office even if they are used temporarily. So, when the permit is initially used to hold a concert for a certain artist, then the permit can only be used for that artist and cannot be used for other artists.

As for temporary import provisions, in general the maximum import period is 3 years. However, the granting of permits does not last for a full 3 years. Typically, permits are granted for one year and can be extended for another year. The permit period is not always the same for every international event. The Customs Office will adjust the duration of the permit to the duration of the event. If the concert lasts a whole year, then the permit is only given for one year. If the event is held for only three months, then the permit is only for three months. So, for exhibitions, the maximum permit granted is one year. 9

Temporary import permits cannot be extended continuously due to the temporary nature of the event. After the event is over, temporarily imported goods must be removed from the country. The existence of a cooperation contract is also a reference for the Customs Office in providing a permit period.<sup>10</sup>

#### Re-Export

Re-export is the process of removing goods that were previously imported temporarily from Indonesian customs territory and returning them to the country of origin or another destination country. This process is carried out after the item's use period ends or when the item is no longer needed in Indonesia.

In this phase, if the period for temporarily imported goods has expired, the goods must be returned or re-exported to the country of origin. <sup>11</sup> The waiting time given for the completion of the event is 30 days. If the deadline has passed, it must be immediately returned to the country of origin. If the goods are not subject to re-export, there is a temporary import solution other than re-export. This method is applied to goods that have special requirements and purposes.

There are several export customs processes that must be passed when they are in the final phase, namely as follows:

- Exports are again carried out by submitting PEB via the Ceisa 4.0 system.
- Re-exports can be carried out at the Import Customs Office or at another Customs Office.
- Temporary Import SKP that has been integrated with CEISA Export will be checked by the Import Customs Office and Customs Office

#### 4. Conclusion

The temporary import scheme used to send goods needed for exhibitions, conferences and international events in Indonesia provides significant facilities for importers to be free of charge or exemption from import duties. This facility is provided to support the Indonesian MICE industry so that it can increase regional economy from the business tourism sector and contribute significantly to the national economy.

#### 5. Suggestion

It is important to research further regarding the temporary import mechanism using ATA carnet and its differences with the general version of the temporary import mechanism. Further research is also needed regarding the operational technicalities of temporary imports and bonded storage areas to provide a comprehensive and detailed picture to the government, industry and academics about the dynamics of holding international exhibitions and their contribution to the national economy.

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