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Tax and Advocate

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CONSTITUTIONAL & FISCAL GOVERNANCE

When Budget Flexibility Meets Constitutional Oversight

MK Decision No. 100/PUU-XXIV/2026

Fiscal Discretion | Parliamentary Approval | Accountability

A conditional constitutional interpretation of selected provisions of Indonesia's 2026 State Budget Law.

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1 Advisory Note

On 16 September 2026, the Constitutional Court partially granted Case No. 100/PUU-XXIV/2026 concerning Law No. 17 of 2025 (the 2026 State Budget Law). It conditionally interpreted Articles 8(5), 14(1)(b) and 29(1), and rejected the petition for the remainder.

2 Key Developments

01

Budget Changes by Function

Article 8(5): changes affecting the amount of central-government spending by function require DPR approval.

02

Village Incentive Purpose

Article 14(1)(b): village incentives must form part of central-government policy and be implemented by village governments to support sustainable village development.

03

Emergency Fiscal Measures

Article 29(1): fiscal measures relating to State revenue, expenditure or financing to address threats to the national economy or financial-system stability require DPR approval.

04

Continuity of Existing Measures

Budget changes already established by Presidential Regulation before the ruling remain valid. The Court's interpretation applies from 16 September 2026 and to subsequent State Budgets.

COURT OUTCOME

Partly granted | Conditional validity | Remainder rejected

3 Why This Matters

DPR approval is required for changes affecting central-government spending by function and for Article 29(1) measures. Technical budget execution remains distinct from changes to approved fiscal priorities.

4 RDJ Advisory Perspective

The decision is best read as a governance boundary. It preserves responsive fiscal action while clarifying DPR approval for specified budget changes and emergency measures, and confirming that village governments implement the relevant village policy.



Closing

The decision clarifies fiscal discretion under the 2026 State Budget Law. It conditionally interprets Articles 8(5), 14(1)(b) and 29(1), including DPR approval requirements for specified budget changes and emergency measures. Changes already established by Presidential Regulation before 16 September 2026 remain valid.

GOVERNANCE QUESTIONS

- 01 Does a proposed change affect central spending amounts by function?
- 02 Where required, is DPR approval incorporated into the decision process?
- 03 Does village-incentive implementation match the Court's stated purpose?
- 04 Are emergency fiscal measures assessed against the approval condition?
- 05 Are the legal basis, timing and approval records clearly documented?

Fiscal flexibility and constitutional accountability are complementary, not interchangeable.

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