



MINISTRY OF INVESTMENT
AND DOWNSTREAM INDUSTRY/BKPM

Government Regulation No. 28/2025 Concerning the Implementation of Risk-Based Business Licensing

PREPARED FOR TAIWAN ECONOMIC AND TRADE ORGANIZATION

March 2026

BerAKHLAK
Berkualitas, Berkeadilan, Berkeberanian,
Berkeadilan, Berkeberanian

Citra Solar Power Plant

VISION OF GOLDEN INDONESIA 2045: SOVEREIGN, DEVELOPED & SUSTAINABLE ARCHIPELAGIC COUNTRY

President Prabowo's Asta Cita & National Development Planning direct strategies for economic transformation

PRABOWO SUBIANTO'S STRATEGIC CONCEPTS

STRATEGIES FOR NATIONAL TRANSFORMATION

TOWARDS GOLDEN INDONESIA 2045

INDONESIA BECOMES
A DEVELOPED AND
PROSPEROUS COUNTRY



Mission (Cita) 4

Strengthening human resource development, science, technology, education, health, sports achievements, gender equality, and enhancing the role of women, youth, and people with disabilities

Mission (Cita) 5

Continuing downstream processing and developing industries based on natural resources to increase added value within the country

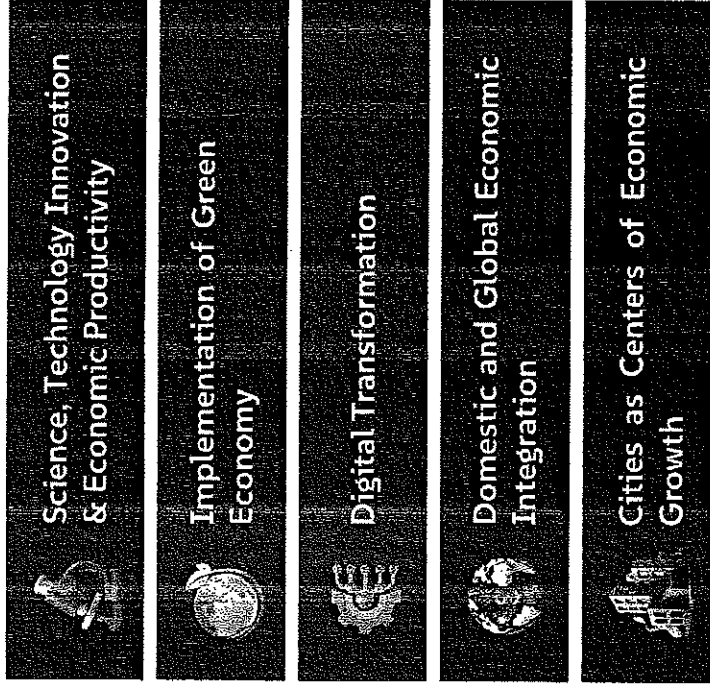
Mission (Cita) 2

Strengthening national defense and security system and promoting national self-sufficiency through food, energy, water, sharia economy, digital economy, green economy, and blue economy

Mission (Cita) 3

Continuing infrastructure development and increasing quality employment opportunities, promoting entrepreneurship, developing the creative industry, and expanding agro-maritime industry in production centers through active role of cooperatives

Five Main Strategies of Indonesia's Economic Transformation (National Dev't Planning/RPJMN 2025-2029)



BUSINESS LICENSING REFORM ON THE PIPELINE

Investment Policy Development Through Business Licensing Regulations Restructuring & Streamlining

GOVERNMENT REGULATION NO. 28 OF 2025 ON THE IMPLEMENTATION OF RISK - BASED BUSINESS LICENSING REPLACING GR NO. 5 OF 2021



The improvements include:

- Clearer regulation of business processes and Service Level Agreements for Basic Requirements and Business Licensing.
- Implementation of the **Deemed Positive Mechanism**.
- Improvement of Annex I (Business Licensing).
- Improvement of Annex II (Business Licensing to Support Business Activities/PBUMKU).

Summary of Improved Annex:

ANNEX I (BUSINESS LICENSING)

GR No. 5 of 2021 **GR No. 28 of 2025**

1348 KBLI 1417 KBLI

BUSINESS LICENSING TO SUPPORT BUSINESS ACTIVITIES - PBUMKU)

1006 UMKU 357 UMKU

BKPM REGULATION NO. 5 OF 2025 AMENDING THREE BKPM REGULATIONS ON TECHNICAL REGULATION TO GR NO.5/2021



The Refinements include:

Simplification of Regulations and Optimization of OSS system:

Risk Based Business Licensing System
~ BKPM Regulation No.3/2021

Procedures for Risk Based Licensing Services & Investment Facilities ~ BKPM Regulation No.4/2021

Procedures concerning the Implementation & Supervision of Risk Based Business Licensing ~ BKPM Regulation No.5/2021

Source: BKPM [Internal Data], 2026

AMENDMENT PLAN OF THE GOVERNMENT REGULATION NO. 10/2021 ON INVESTMENT BUSINESS FIELDS (BUPM)



The Regulation governed:

BUPM (previously Negative Investment List) consist of three (3) annexes:

- Annex I (Priority Business Sectors)
- Annex II (Business Sectors Allocated for & Partnering with MSMEs & Cooperatives)
- Annex III (Business Sectors Open with Conditions)

Background of Amendment:

- Inputs from supervising ministries/agencies, associations & business actors
- Keeping up with global trends (geopolitics, climate change, and globalization)

2026 Target Amendment



BUSINESS LICENSING REFORM: ENHANCING EASE OF INVESTMENT LICENSING

Formerly

GR Number 5 of 2021

1. No clear business process or **Service Level Agreement (SLA)** with defined stages for the issuance of Basic Requirements.
2. No clear business process outlining the stages of business activities and their relation to **Basic Requirements, Business Licensing & Business Licensing to Support Business Activities (PB UMKU)**.
3. The authority to issue Basic Requirements refers to the authority for issuing Business Licenses, resulting in an overlap with the regulations governing Basic Requirements.
4. The issuance of **KKPR for MSME** business actors is based on **self-declaration**, without limiting the type of business activity, causing implementation issues at the regional level.



Now

GR Number 28 of 2025

1. Clearer business processes & **Service Level Agreements** for **Basic Requirements** and **Business Licensing**.
2. Implementation of the **Deemed Positive Principle**.
3. Enhance business licensing efficiency & compliance by ensuring **KBLI consistency**, elimination of unnecessary permit requirements

Presidential Directives on Accelerating Ease of Doing Business

1. Undertake efforts to improve ease of doing business to boost investment, support economic growth & create job opportunities.
2. Revision of **Government Regulation No. 5 of 2021** is comprehensively carried out and not in phases.

THE 'DEEMED POSITIVE' PRINCIPLE IMPLEMENTATION IN RISK-BASED BUSINESS LICENSING

Mandated on Article 175, Paragraph 7 of Law Number 6 of 2023 concerning Job Creation



Implementing regulations of the Job Creation Law on the 'deemed positive' principle

Article 175, Paragraph 7, amending Article 53 paragraphs (3) & (4) of the Government Administration Law:

If the provisions of the legislation do not specify a time limit for the obligation as referred to in paragraph (1), the Government Body and/or Official is required to establish and/or carry out the Decision and/or Action no later than 5 (five) working days after the application is received completely by the Government Body and/or Official

In the event the application is processed through an electronic system and all requirements in the electronic system have been fulfilled, the electronic system shall establish the Decision and/or Action as the Decision or Action of the authorized Government Body or Official

If within the time limit referred to in paragraph (2), the Government Body and/or Official does not establish and/or carry out the Decision and/or Action, the application shall be deemed legally approved.

02

03

04

Government Regulation No.28/2025 concerning Implementation of Risk Based Business Licensing replacing GR No.5/2021 ~ in force June 5, 2025

Regulation of BKPM No. 5/2025 concerning Guidelines & Procedures for the Implementation of Risk Based Business Licensing and Investment Facilities through OSS System ~ in force October 1, 2025

Amendment of Regulation of BKPM No. 5 of 2025 concerning Guidelines and Procedures for the Implementation of Risk Based Business Licensing & Investment Facilities through OSS System ~ on the pipeline

GOVERNMENT REGULATION NO.28 OF 2025: PROVISIONS

Article 6 of the Job Creation Law: Improving the investment ecosystem and business activities includes:

- a. implementation of risk-based business licensing;
- b. simplification of basic requirements for Business Licensing;
- c. simplification of Business Licensing Sectors; and
- d. simplification of investment requirements.

Article 7 paragraph (1) & paragraph (7) of the Job Creation Law:

- Risk-based business licensing is carried out by determining the level of risks & scale of business activities.
- The risk level and scale of business activities are as follows:
 - a. low-risk business activities;
 - b. medium-risk business activities; or
 - c. high-risk business activities.

BASIC REQUIREMENTS FOR BUSINESS LICENSING

BEFORE UUCK AFTER UUCK

Location Permit	Conformity of Space Utilization Activities /KKPR
Environmental Permit	Environmental Approval
IMB and SLF	Building Construction Approval (PBG) & Certificate of Functionality Compliance (SLF)

BUSINESS LICENSING BASED ON THE STANDARD CLASSIFICATION OF BUSINESS FIELDS/KBLI

Fulfillment of requirements & obligations is based on the Sector GR, Presidential Regulation & Ministerial/Agency Regulation implementing GR 5/2021.

*) Various requirements are regulated in 22 Ministerial/Agency Regulations which must be accommodated and embedded in the OSS system.

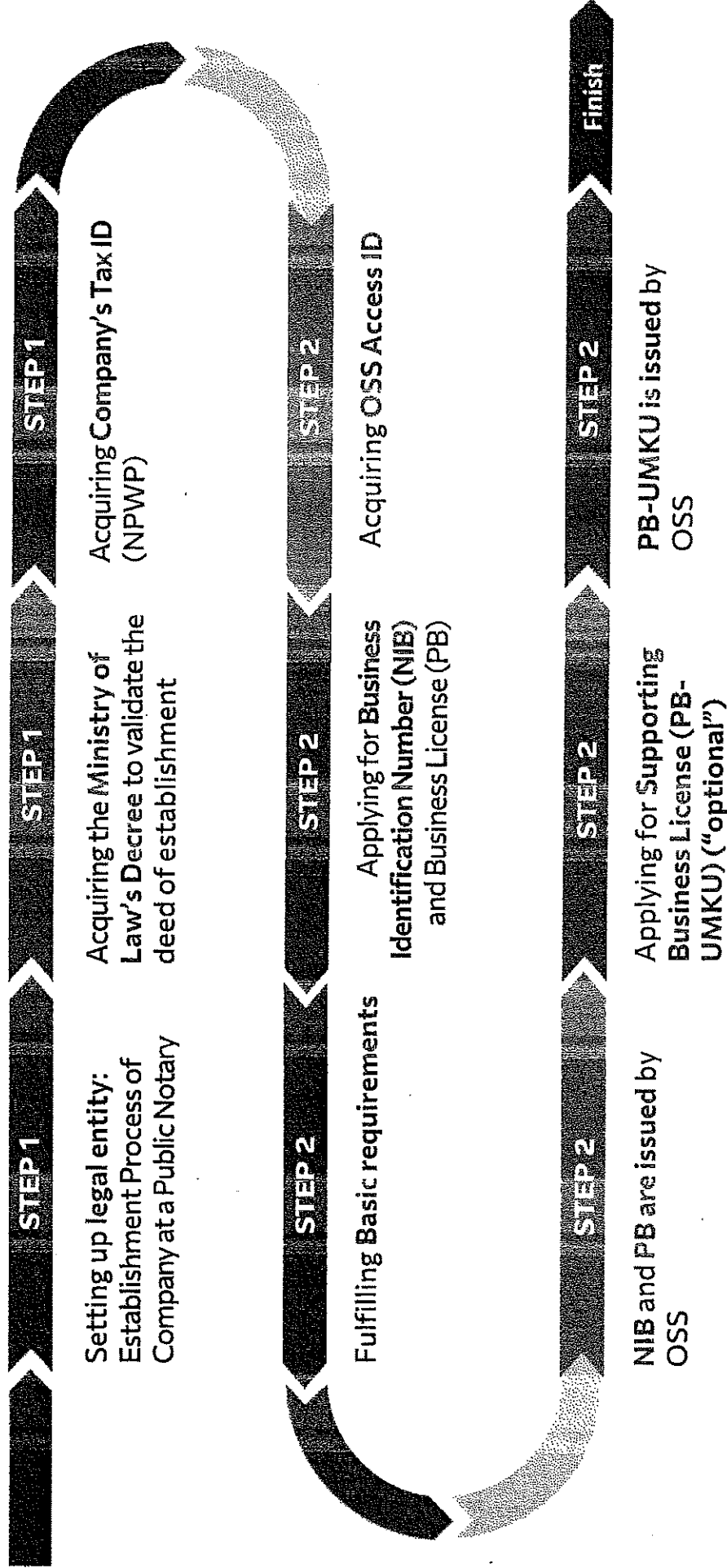
Grandfather Clause
Article 549

These provisions excluding Investors whose Business Licensing has been approved & active before this GR comes into effect, including whose requirements have been fulfilled.

BUSINESS LICENSING TO SUPPORT BUSINESS ACTIVITIES (UMKU)

- Previously known as Commercial/Operational Permit, PB UMKU services are operated through the OSS System
- PB UMKU is in the process of integrating the system with K/L (formalized by an agreement):
 - a. If the services have been accommodated in the Institution's System, the integration will be carried out first,
 - b. but if it has not been accommodated, the priority is to immediately embed it in the OSS system.

LICENSING STEPS

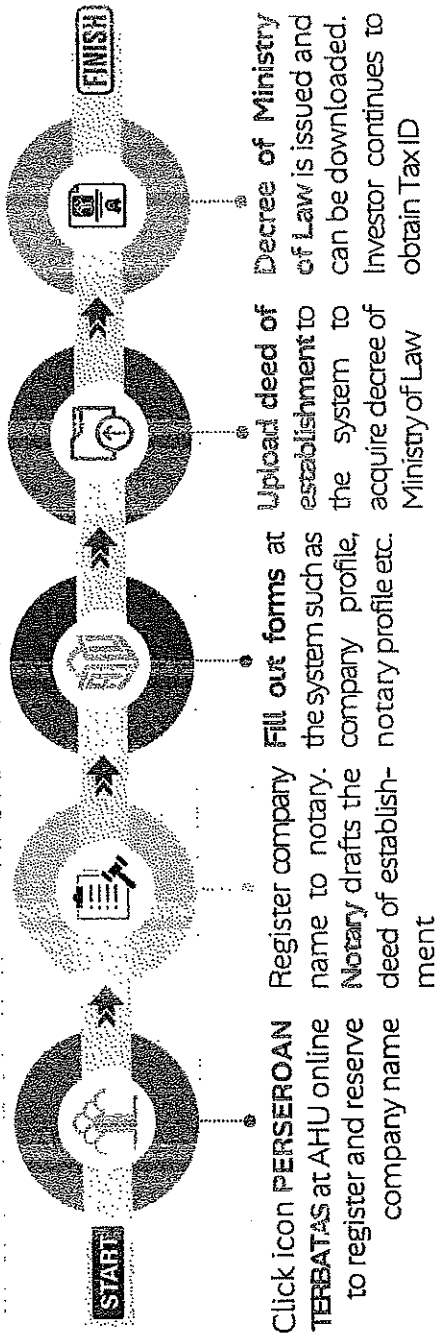


INVESTING IN INDONESIA: STEP 1 | SETTING UP THE COMPANY

ahulink ESTABLISHING LEGAL ENTITY www.ahu.go.id

Things to input:

1. Domicile of the company
2. Field of business,
3. Paid-up capital,
4. Shareholder names & percentage of shareholding (min. 2 shareholders)
5. Name & composition of the board of directors & commissioners.



djpp ACQUIRING TAX ID

Investor should obtain Taxpayer Identification Number (NPWP) via offline or online through <https://ereg.pajak.go.id>

The physical NPWP card will be delivered through mail based on the address given at the registration process or can be retrieved at primary tax office (Kantor Pajak Pratama/KPP)



PREPARE DOCUMENTS

1. Deed of Establishment
2. Passport/KITAP or KITAS
3. Registration Form



UPLOAD/DELIVER

1. Make account at online system or visit KPP (offline)
2. Upload/submit documents



ACCEPTANCE RECEIPT

The system/KPP will issue an acceptance receipt/letter once documents pass the assessment



TAX ID RECEIVED

Tax ID will be issued the physical card will be delivered to the registered address

INVESTING IN INDONESIA: STEP 2 | GR 28/2025 EARLY LICENSING STEPS

ACQUIRING USER ACCESS

To obtain User Access account, investors must prepare documents:



Company e-mail	Company/ director phone number	Decree of Law validating Company Deed of establishment	Company Tax ID	Director's ID/ Passport
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BUSINESS IDENTIFICATION NUMBER/NIB APPLICATION

OSS system issues NIB as the official identity for businesses in Indonesia. It is issued based on the mandatory data entry consisting: **Standard Industrial Classification Code/KBLI**; **Conformity of Spatial Utilization Activities (KKPR/PKKPR)**; **Investment Plan** (capital, production or business capacity and Workforce size); **self declare & verification**. In addition, a risk level validation process of an investment will be carried out.

BASIC REQUIREMENTS

Basic requirements, including the conformity of spatial utilization activities (KKPR), Building Construction Approval (PBG) & Certificate of Functionality Compliance (SLF), as well as environmental approval shall be fulfilled for the issuance of NIB.



KKPR/PKKPR

KKPR/PKKPR is a mandatory spatial approval which confirms that a business's land use aligns with the region's spatial plan (RTR/RDTR). There are 3 types of KKPR based on the spatial utilization i.e. Land, Sea, Forest



ENVIRONMENT APPROVAL





Every investment activity that imposes environment impact must have environmental documents in the form of: SPLL/AMDAL/RKL-RPL. The list of KBLI which are subject to it can be found in Regulation of the Minister of Environment & Forestry No. 4 /2021.



PBG & SLF

Investment engaging in the construction, altering, expanding, and/or maintaining buildings must obtain PBG. SLF is a certificate granted by regional governments to declare the functional compliance of a building before it can be utilized

INVESTING IN INDONESIA: STEP 2 | GR 28/2025 PROVISIONS ON RISK MAPPING

Classification of Risks	Required Business Licensing	Additional Provisions
 <p>Low Minimal hazard such as department store and wholesale distribution</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Business Identification Number/NIB 	<ul style="list-style-type: none"> ▪ No prior assessment or verification ▪ Self-declaration sufficient ▪ Immediate operational eligibility ▪ Minimal supervision (ex-post, if any)
 <p>Medium – Low Moderate & manageable hazard impact such as web portal & travel agent</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Business Identification Number/NIB <input checked="" type="checkbox"/> Standard Certificate and Statement to fulfil standard requirement (self declare) 	<ul style="list-style-type: none"> ▪ Investor declares compliance to standards ▪ No prior verification before operation ▪ Post-issuance supervision applies ▪ Administrative sanctions for false declaration
 <p>Medium – High Higher level of hazard if unmanaged: e.g. cosmetic distribution</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Business Identification Number/NIB <input checked="" type="checkbox"/> Standard Certificate issued based on verification (self declare and verification) 	<ul style="list-style-type: none"> ▪ Verification by relevant authority before full operation ▪ May involve technical inspections, sectoral approvals ▪ More intensive supervision ▪ Compliance must be demonstrated, not just declared
 <p>High High hazard & potential serious impact such as chemical industry</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Business Identification Number/NIB <input checked="" type="checkbox"/> Business License <input checked="" type="checkbox"/> Required Standard Certificate 	<ul style="list-style-type: none"> ▪ Mandatory pre-operational approval ▪ Require comprehensive assessment (technical + environmental) ▪ Subject to strict regulatory control, routine inspection & audit ▪ Highest exposure to license revocation, suspension & sanctions

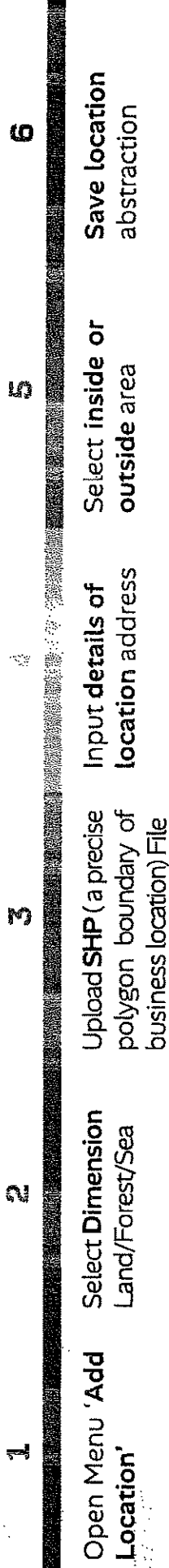
Standard Certificate & Business License; In order for a standard certificate can be verified and used as legal basis to conduct commercial operations, investors must fulfill the standards requirements compliance through OSS system. The fulfilment timeline is regulated through norms, standards, procedures & criteria stipulated by ministries/non-ministerial government agencies.

Source: Ministry of Investment & Downstream Industry/BKPM [Internal Data], 2026



INVESTING IN INDONESIA: STEP 2 | GR 28/2025 BUSINESS FLOW

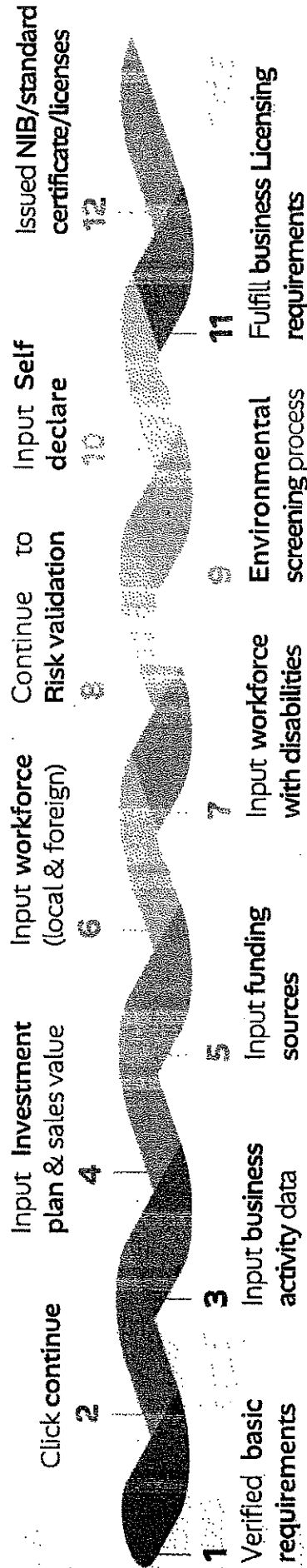
1 LOCATION ABSTRACTION PROCESS



BASIC SPATIAL PLANNING PROCESS 2



3 BUSINESS LICENSING PROCESS



RISK - BASED OSS COMPARATIVE PROVISION | BASIC REQUIREMENTS

Government Regulation Number 5/2021



Government Regulation Number 28/2025

<p>basic requirements and business licensing submission in one form; basic requirements is mandatory before applying business licensing application</p>	<p>GENERAL</p>	<p>basic requirements & business licensing submission in separated form; Business licensing can be applied without the need to submit basic requirements</p>
<p>One KBLI/ISIC can be applied only for one location</p>	<p>KBLI/ISIC</p>	<p>Multiple KBLI/ISICs can be applied for one location</p>
<p>Only one dimension can be applied in a single application; Ease of KKPR with a self declaration for Micro and Small Enterprises; Automatic approval issuance of PKKPR applications located within industrial estates or SEZ</p>	<p>LOCATION</p>	<p>Can apply for more than 1 dimension in a single application; Ease of KKPR with a self-declaration for low-risk micro enterprises; PKKPR applications located in industrial areas/SEZ are verified in accordance with Article 27(a) of Government Regulation No. 28 of 2025</p>
<p>No verification for Environmental Approval documents uploaded by investors; Screening of environmental document types applies only to medium high and high risk levels and is conducted after the NIB is issued</p>	<p>ENVIRONMENT APPROVAL</p>	<p>Verification of the existing Environmental Approval documents in accordance with the authority of the issuer of the environmental approval document; Screening of environmental documents for all business activity risk levels is conducted before the NIB is issued</p>
<p>A dedicated feature for building management is not available</p>	<p>BUILDING PERMIT</p>	<p>A dedicated feature for building management is available</p>

Source: Ministry of Investment & Downstream Industry/BKPM [Internal Data], 2026

RISK - BASED OSS COMPARATIVE PROVISION | BUSINESS LICENSING



Government Regulation Number 5/2021

Government Regulation Number 28/2025

There is no distinction between main and supporting business activities; Some investment data elements have not been added and adjusted; Business data may be amended before and after the issuance of the business licensing; There is no guideline regarding the operating/production period; A similar form for both administrative branch office and business activity.

Additional form to accommodate adjustment on the supporting business activity types; Additional data elements have been added in line with BKPM Regulation No. 5/2025; Business data may only be amended prior to the issuance of the business licensing; The operating and production periods have been defined/mapped; Simplification of the administrative branch office form

GENERAL

Foreign Investments (PMA) in Special Economic Zones (SEZ) are treated the same as those outside SEZs

SEZ PROVISION

Foreign Investments in SEZ are eligible for investment incentives

Foreign Investments (PMA) get equal treatment as Domestic Investments (PMDN)

INCENTIVES

Incentives are available for foreign investments in certain sectors in accordance with BKPM Regulation No. 5/2025

Verification of existing business licensing documents applies only to specific sectors - 3 KBLI in Industrial Sector & 1 KBLI in the Communication & Digital Sector

VERIFICATION

Verification of existing business licensing documents applies to all sectors

No available feature to update the validity period of business licensing; The business licensing renewal option is available for all KBLI classifications

VALIDITY & RENEWAL

A feature is available to update the validity period of business licensing; The business licensing renewal option is available only for certain KBLI classifications

Source: Ministry of Investment & Downstream Industry/BKPM [Internal Data], 2026

RISK - BASED OSS COMPARATIVE PROVISION | PB - UMKU & OTHER PROVISIONS

Government Regulation Number 5/2021



Government Regulation Number 28/2025

All Business Licensing to Support Business Activities (PB-UMKU) submissions are made only after the issuance of NIB; There is no draft status for business licensing and PB UMKU applications

PB - UMKU

PB-UMKU submissions are made after the Business Licensing has been verified or issued, except in certain cases where PBUMKU requires facilities and/or infrastructure prior to the operational and/or commercial stage; A draft status for business licensing and PB UMKU applications

Business scale is determined during account registration. Investors select their own business scale category (SME or Non-SME); Foreign investors must have a minimum paid - up capital of IDR 10 billion

OTHER PROVISIONS

Business scale is determined after account registration through a validation mechanism in the OSS system; The paid-up capital for a foreign investment is a minimum of IDR 2.5 billion

GOVERNMENT REGULATION NO.28 OF 2025 | ISSUANCE OF PKKPR & KKPR

Issuance of PKKPR Under Certain Conditions (Article 27):

PKKPR Approval Without Assessment (formerly under the Article 181 scheme) consists of the location and/or business activities

<p>Established by the authority/agency responsible for developing a certain area, whose polygon coordinates are registered in OSS, with evidence that the company is permitted to conduct business activities in that area</p>	<p>Required for the expansion of an existing and integrated business, with an area smaller than the existing land, adjacent to the current business location within the same spatial planning pattern</p>	<p>Located on land fully controlled by other company that has obtained KKPR, leased or loaned to the company with the same KBLI classification, business activity & land area</p>
<p>Located within SEZ/Industrial area, polygon-coordinate registered in OSS, with evidence demonstrating company's authorization to conduct business in the area.</p>	<p>Located on land previously controlled by other company that has obtained KKPR & transferred to the new company with the same KBLI, business activity & area</p>	<p>Related to upstream oil and gas activities designated by the government</p>
		<p>Location and activities for the construction of low - income communities housing, with an area not exceeding five hectares and in accordance with the spatial plan (RTR)</p>

SIMPLIFYING AND EXEMPTING KKPR ISSUANCE

- 1 Article 32**
Low Risk Micro Enterprises
KKPR for a business location shall be issued via OSS as a Self - Declaration submitted by the investors
- 2 Article 13**
Where business activities are conducted in a shared-building/ commercial/service complex, & the developer already has KKPR, PL, PBG, and/or SLF, investors **do not need to fulfill the basic requirements & may proceed directly** to the application stage for business licensing and/or UMKU through OSS.
- 3 Article 143, Paragraph (2)**
KKPR is exempted during survey & exploration stages under new & renewable energy & energy conservation subsector, and during exploration activities under mineral & coal subsector.

BKPM REGULATION NO.5 OF 2025

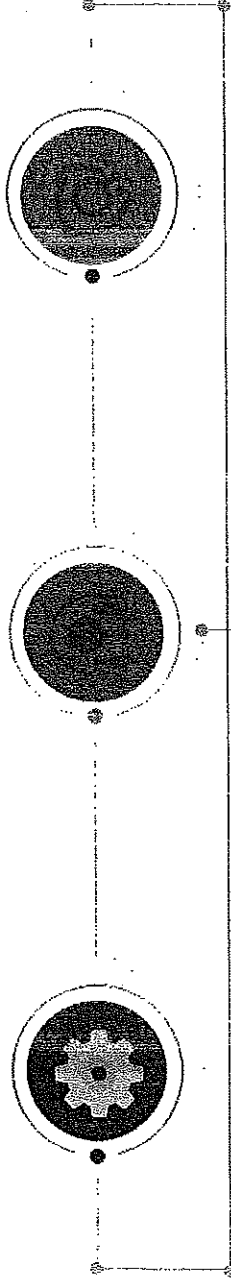
concerning Guidelines & Procedures for the Implementation of Risk-Based Business Licensing & Investment Facilities through Online Single Submission (OSS) System

Following GR 28 of 2025, refinements have been made to the regulation:

3: OSS System

4: Licensing Services

5: Supervision



Integrated into single regulation

Minister's Regulation No. 5/2025 on the implementation of risk-based licensing

TWO MAIN PILLARS

Simplification of regulation structure

Optimization of OSS System

HIGHLIGHTS OF KEY PROVISIONS

1. **Clarity on procedure and timing** for Spatial Utilization Confirmation (KKPR), Building Approval (PBG) and Certificate of Proper Function (SLF)
2. **Lower minimum issued and paid-up capital** for foreign investment companies of IDR 2.5 billion (previously IDR 10 billion), and it is prohibited from being transferred within 12 months after the money is injected, except for operational purposes.
3. **New criteria for non-compliance** with LKPM reporting requirements.
4. **Regulations on the direct construction facilitation (KLIK)** for business actors with high-risk and medium-high-risk business activities located in designated industrial zones.

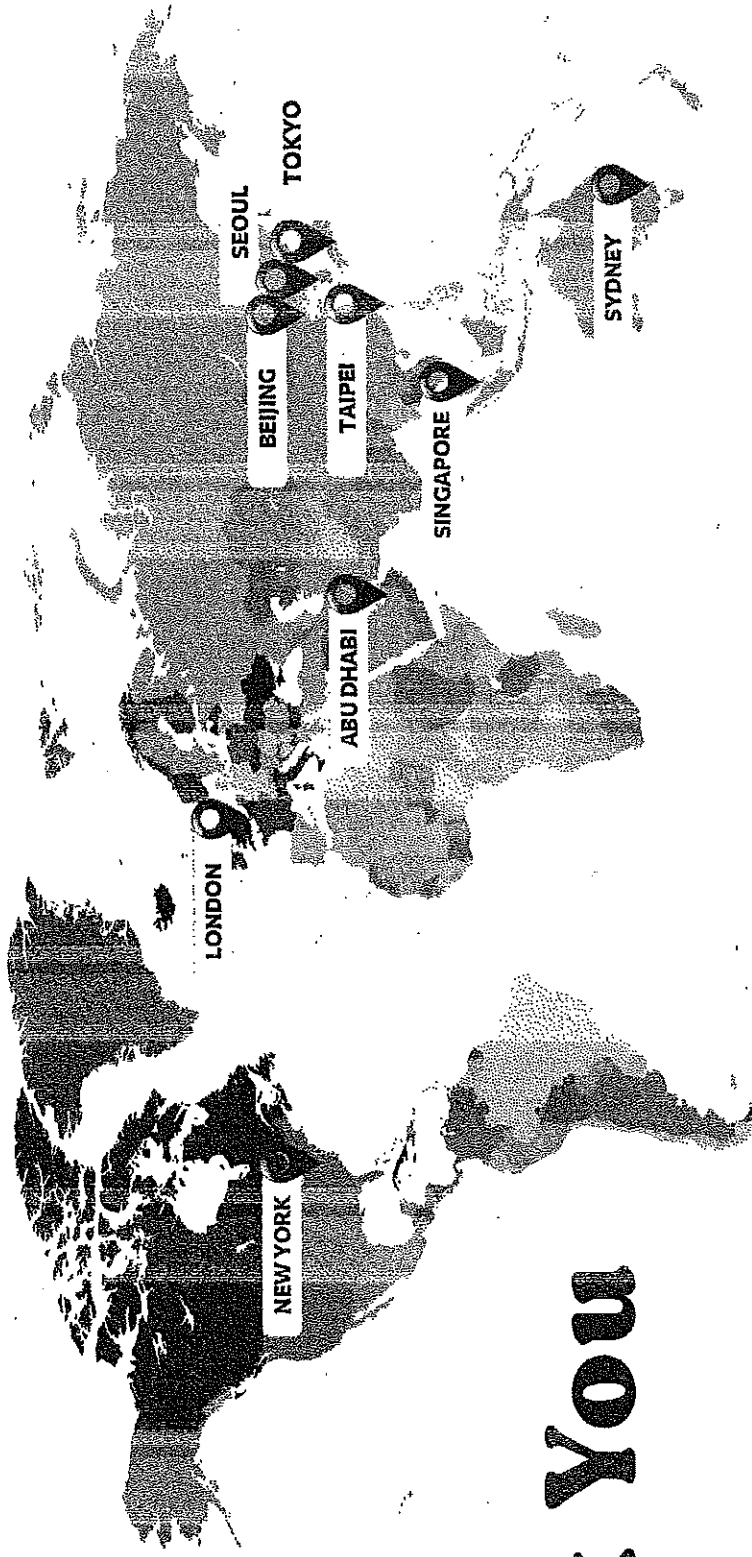
Research & Development and educational or vocational activities are eligible for super tax deduction

IMPORT DUTY EXEMPTION	
<p>TAX ALLOWANCE GR 78/2019; PMK 96/PMK.010/2020; PMENPERIN 47/2019</p> <ul style="list-style-type: none"> ▪ Reduction of gross income subject to income tax by 30% of initial fixed asset (5% per year for 6 years) for certain business fields and/or in certain regions. ▪ Accelerated depreciation and amortization on tangible assets or intangible assets. ▪ Income tax on dividend at 10% or applicable lower tax treaty rate. ▪ Extension of loss carry forward period for 5-10 years. 	<p>PMK 176/PMK.011/2009 ; 188 PMK.010/ 2015</p> <p>Import duty exemption for imports of machinery, goods, and materials for industry and service industries;</p> <ul style="list-style-type: none"> ▪ 2 years import duty exemption or ▪ 4 years for companies using locally produced machines (min 30%).
ELECTRIC MOTOR VEHICLE INCENTIVES	
<p>SUPER TAX DEDUCTION~PP 45/2019</p> <ul style="list-style-type: none"> ▪ Reduction of gross income subject to income tax up to 200% of the cost of educational activities. ▪ Reduction of net income subject to income tax by 60% of total investment (new business or expansion) in fixed assets for labor-intensive industries. ▪ Reduction of gross income subject to income tax up to 300% of the cost of R&D activities. 	<ul style="list-style-type: none"> ▪ The highest gross income reduction is 200% of the total costs incurred for Vocational activities. ▪ Net income reduction is 60% of the total investment value for 6 years, charged at 10% per year, for 45 labor-intensive industries that absorb at least 300 migrant workers. ▪ The highest gross income reduction is 300% of the total costs incurred for R&D activities.



Invest Indonesianow

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AND DOWNSTREAM INDUSTRY/SKPM



Thank You

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