

Guide to Doing Business Indonesia

Prepared by



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Guide to Doing Business in Indonesia

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I. General Overview of Investment Law

1. Indonesia is generally open to foreign investment, which is defined as capital owned by a foreign state, foreign nationals, foreign business entities, foreign legal entities, or Indonesian legal entities that are partly or wholly owned by foreign parties.
2. Capital participation by foreign investors to conduct business within the territory of Indonesia, whether using entirely foreign capital or in joint ventures with domestic investors, constitutes foreign direct investment (“**FDI**”). Any limited liability company with foreign shareholding (regardless of the percentage) is known as Foreign Investment Company (*Perusahaan Penanaman Modal Asing*, “**PMA Company**”).
3. In Indonesia, FDI is governed by Law No 25 of 2007 on Investment (as amended, the “**Investment Law**”). While the Investment Law provides for equal treatment between domestic investment and FDI, different entry conditions remain in place through a system of maximum foreign ownership limitations across many business sectors. In particular, Presidential Regulation No. 10 of 2021 on Investment Business Fields (as lastly amended by Presidential Regulation No. 49 of 2021, “**PR 10/2021**”) introduces the Investment Priority List, specifying business sectors are generally open to investment, FDI restrictions or certain conditions applicable to FDI, including foreign ownership limitations.
4. Mandatory divestment requirements have largely been removed for most business sectors. However, the government still implements divestment requirements in certain sectors and industries, including in business undertakings operating under investment approvals issued pursuant to the previous investment regulatory regime. Investment protections—such as protection against nationalization without compensation at market value, the right to appoint foreign management, and access to dispute resolution through arbitration—continue to be recognized under Indonesian law.
5. Domestic investments may be made through a business entity in the form of a legal entity, non-legal entity or sole proprietorship. In contrast, FDI must generally be conducted through a PMA Company and domiciled in Indonesia, unless otherwise provided by law.
6. Any business undertaking conducting business in Indonesia, including PMA Companies, is required to obtain licenses from Indonesia’s integrated electronic licensing platform, known as the Risk Based Approach Online Single Submission System (“**RBA OSS System**”), administered by the Ministry of Investment/ Investment Coordinating Board (“**BKPM**”) as the OSS Agency. The BKPM oversees the implementation of the RBA OSS system in issuing licenses and regulatory approvals.
7. Under the Investment Law, the government can grant facilities and incentives to for investment expansion or new investments that satisfy at least the following criteria:
 - a. absorbing a large labor force;
 - b. falling under a high priority scale;
 - c. engaged in infrastructure constructions;

- d. implementing technology transfer;
 - e. engaged in an industry with wide-ranging links to provide benefit and high externality, introduce new technology, and has strategic values for the national economy;
 - f. is located in a remote area, a less developed area, a contiguous area, or another area deemed in need;
 - g. maintains environmental sustainability;
 - h. conducts research, development, and innovation activities;
 - i. is in partnership with micro, small and medium enterprises or cooperatives;
 - j. is engaged in an industry that uses domestically produced capital goods or machines or equipment; and/or
 - k. falls into tourism business development.
8. The Investment Law mandates the government to provide ease of access to services and/or licensing to investment companies to obtain:
- a. land titles;
 - b. immigration service facilities; and
 - c. import clearance facilities.

In addition, ease of access to services and/or licensing also covers import clearance facilities for:

- a. goods that do not contravene applicable laws and regulations governing trade;
 - b. goods that do not have a negative impact on safety, security, health, the environment, or public morals;;
 - c. goods related to the relocation of manufacturing plants from abroad to Indonesia; and
 - d. capital goods or raw materials for own production needs.
9. Indonesian government may also provide facilities in the form of fiscal incentives for the importation of capital goods, subject to the Indonesian tax laws and regulations in the field of taxation. Such incentive only applies to PMA Companies and can include:
- a. exemption from import duty and taxes on the importation of machinery and equipment; and
 - b. exemption from import duty and taxes on the importation of raw materials.
10. In 2020, the Investment Law underwent significant reform following the enactment of Law No. 11 of 2020 on Job Creation, a “super-law” with broad applicability, introduced in 2020. This law has now been replaced by the Job Creation Law.

The Job Creation Law amends Article 25 of the Investment Law, thereby centralizing licensing authority in the direct investment sector under the central government. This is implemented through the RBA OSS System and other centralized licensing mechanisms administered by relevant ministries and government agencies.

11. The Indonesian government launched the RBA OSS system in June 2019 based on Government Regulation 24 of 2018 on Electronically Integrated Business Licensing Services. This regulation was subsequently replaced by Government Regulation No 5 of 2021 on Risk-Based Business Services (“**GR 5/2021**”), which introduced a new licensing regime under the RBA OSS System. The system adopted a risk-based approach in determining the type of licenses required for a particular business activity, based on the level of risk associated with such activity.
12. As of 5 June 2025, GR 5/2021 has been repealed and replaced by Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing (“**GR 28/2025**”). The new

framework retains the core risk-based licensing concept and the use of the RBA OSS system, while further expanding and refining the overall licensing regime.

In particular, GR 28/2025 expands the scope of sectors subject to risk-based licensing from 16 to 22 business sectors, while maintaining the determination of licensing requirements based on the level of risk (i.e. low, medium-low, medium-high, and high) and the scale of business activities (i.e. micro, small, medium, and large).

In addition, GR 28/2025 also mandates the adjustment and integration of the RBA OSS system and the Indonesia National Single Window (INSW) to align with the revised framework. It also provides that existing provisions relating to basic requirements and business licensing remain applicable only to the extent that they do not conflict with the new regulation.

13. The RBA OSS System is intended to serve as the primary gateway for the processing of most licenses and permits to conduct business in Indonesia. There are, however, several permits and licenses that cannot yet be issued through the OSS system, particularly certain sectors specific approvals.

Under the current framework pursuant to GR 28/2025, the administration of risk-based business licensing is carried out through the RBA OSS System as an integrated electronic platform. This system operates the delegation of licensing authorities from the central government, relevant ministries, agencies, and regional governments. In this regard, the RBA OSS system functions as a national single-window licensing infrastructure comprising various service subsystems, including information services, fulfilment of basic requirements, business licensing, investment facilities, partnership facilitation, and supervision.

The RBA OSS System is administered by the Ministry of Investment/ BKPM for the purposes of investment facilitation and business licensing. However, substantive licensing authority remains vested in the relevant sectoral ministries/agencies and regional governments, whose powers are exercised through the OSS framework.

14. In an effort to streamline the licensing process and avoid multiple entry points, the RBA OSS System reforms not only the types of licenses processed, but also the general procedures and approaches on how to apply for such licenses and permits. Under the current regime, the previous commitment-based licensing approach has been replaced with a risk-based licensing system, whereby the type, timing, and extent of licensing requirements are determined based on the risk classification of the relevant business activities and the scale of the business.
15. With respect to business expansion or “implementation to investment” type of compliance and reporting, the RBA OSS System introduces a more flexible approach compared to the previous BKPM regime. Under this framework, business actors may proceed with certain stages of business development or expansion upon obtaining the relevant risk-based licenses, subject to ongoing compliance obligations, including reporting, fulfilment of applicable standards, and post-licensing supervision. This represents a departure from the previous BKPM regime, under which prior approval from BKPM was required before undertaking any business expansion. However, the applicable requirements remain dependent on the risk level of the relevant business activities and applicable sectoral regulations and are subject to enhanced supervision and administrative enforcement under GR 28/2025.

16. Previously, approval from BKPM was required prior to the incorporation of a PMA Company. Under the current risk-based licensing regime, such standalone prior approval from BKPM is no longer required, as investment approval and licensing are now administered through the RBA OSS System. Under the OSS framework, however, this process has been changed. The establishment of a company – through a notary and the Ministry of Law (“**MOL**”) via the Legal Entity Administration System – continues to constitute the formal process for obtaining legal entity status of companies. Separately, business licensing is conducted through the RBA OSS System. In practice, the incorporation and licensing processes are integrated, whereby the company’s legal entity data (including its approval from the MOL) is subsequently used within the RBA OSS System to obtain an NIB and the relevant risk-based business licenses.
17. FDI restrictions were a key feature of the previous BKPM licensing process. However, under the RBA OSS System, the assessment and enforcement of compliance with FDI restrictions are no longer conducted through a standalone BKPM licensing process, but instead embedded within the risk-based business licensing framework administered through the RBA OSS System.

In practice, notaries and business actors play an important role in structuring the shareholding of a PMA Company in accordance with applicable FDI restrictions. However, the formal verification and enforcement of such compliance are carried out through the RBA OSS System and the relevant investment-licensing authorities. We understand that the MOL does not verify compliance with FDI restrictions when processing submissions for deeds of incorporation.

18. Any FDI to be registered through the RBA OSS System must comply with the regulations on foreign shareholding restrictions. These restrictions limit the extent to which PMA Companies engaging in certain lines of business may be owned by foreign shareholders, typically by prescribing maximum ownership percentages. The applicable foreign shareholding restrictions are primarily set out under PR 10/2021.

This legislation sets out a list of lines of business restricted or conditionally open for FDI (the “**Investment List**”). The Investment List is one of the implementing regulations issued pursuant to the Job Creation Law. It replaces the previous implementing regulation - commonly referred to as the “**Negative List**” - which had been in effect since 2016. Although the Investment List was promulgated on 2 February 2021, it was only published later and became effective on 4 March 2021. Consistent with the principles enshrined in the amended Investment Law, the Investment List represents a significant change from the previous restrictive FDI framework to a more permissive regime. Consequently, the Investment List adopts more positive approach compared to its predecessor.

19. Although most lines of business are now fully open to FDI, the Investment List continues to impose certain restrictions. Previously, 350 business fields were subject to specific limitations. Under the Investment List, the position has been changed to become as follows:
 - a. **46 business fields** are subject specific requirements, which may include: (i) being open to FDI but subject to a maximum foreign shareholding limit; (ii) being open to FDI but subject to special approval from the relevant ministry; (iii) being open to FDI only for “greenfield” investments in designated provinces; and (iv) being fully reserved for domestic investors;
 - b. **6 business fields** are completely closed to FDI under the Job Creation Law, namely: narcotics, gambling/casinos, harvesting of fish species listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), utilization or harvesting of coral, chemical weapons, and chemicals that may damage the ozone layer;

- c. **51 business fields** are reserved for cooperatives, small and medium enterprises; and
- d. **38 business fields** are open to FDI only if carried out in partnership with cooperatives, small and medium enterprises.

20. The RBA OSS System serves as an integrated control mechanism for the application of foreign investment restrictions, including determining whether a particular business activity is subject to maximum foreign shareholding ownership limitations.

The RBA OSS System maintains and processes data regarding: (i) whether a company has foreign shareholders; and (ii) the nature of business activities in which the company is engaged in. Such data are primarily inputted by the business actor and cross-checked against available administrative records, including corporate data from the MOL system.

Where the RBA OSS System identifies that a company qualifies as a PMA Company, it will apply the Investment List to assess whether any foreign shareholding restrictions are applicable to the relevant business activities. If a restriction is identified, the RBA OSS System may flag the inconsistency and require corrective measures as part of the licensing process, and the competent authorities may refuse, suspend, or impose conditions on the relevant business licensing application in accordance with applicable laws and regulations.

21. Monitoring compliance with foreign investment restrictions—now governed under the Investment Priority List—forms part of the ongoing supervision framework under the RBA OSS System. Under the current regime, such supervision is carried out through an integrated OSS-based supervision mechanism, in coordination with the relevant ministries, government agencies, and regional authorities, rather than through a standalone post-audit task force.
22. In addition to supervising compliance with the Investment Priority List, the OSS-based supervision framework also covers compliance with the minimum issued and paid-up capital and investment value as submitted by the undertaking through the RBA OSS system.

In this regard, the RBA OSS system, together with the relevant authorities, monitors whether business actors comply with the applicable minimum investment and capitalization requirements, including—for PMA Companies—the minimum investment threshold per Indonesian Standards Business Classification (“**KBLI**”) and per location.

Prior to its establishment, a PMA Company is required to first identify its intended business activities and determine the KBLI. Once the relevant KBLIs have been identified, they should be cross-referenced with the applicable Investment List to determine whether the business activities are subject to any ownership restrictions, foreign investment limitations, or other regulatory conditions.

At present, the Indonesian Central Bureau of Statistics has introduced an updated version of the KBLI, namely KBLI 2025, which is intended to replace the previous KBLI 2020 classification system. However, for regulatory and licensing purposes, the current RBA OSS system still adopts and refers to KBLI 2020 for business licensing applications.

The RBA OSS system is currently being updated to accommodate KBLI 2025 and is targeted to go live by mid-June 2026. Based on our experience during a similar transition in 2021, there may be initial implementation challenges in the first few months, particularly as the relevant ministries familiarize themselves with the updated KBLI framework.

In the event that a business actor fails to comply with its obligations to meet the applicable minimum issued and paid-up capital or investment value requirements, the relevant authorities may impose administrative measures through the RBA OSS system. These measures may include notifications, requests for rectification, and/or warnings to be addressed within a specified timeframe.

If the business actor fails to implement the required corrective actions, the competent authorities may impose administrative sanctions, including the suspension and, ultimately, revocation of the relevant business licenses.

23. Under the RBA OSS system, business licensing is structured into three principal forms: (i) the Business Identification Number (*Nomor Induk Berusaha*, “NIB”), (ii) the Standard Certificate (*Sertifikat Standar*), and (iii) Business Licenses (*Izin*). The applicable combination of these forms—whether an NIB alone, an NIB together with a Standard Certificate, or an NIB together with a business license—depends on the level of risk and the scale of the relevant business activities.
24. The NIB is a mandatory registration identifier for every business actor under the RBA OSS System, serving as proof of registration to conduct business activities. In addition to functioning as the core business identity, the NIB also incorporates several administrative functions, including, among others, the following:
 - a. serving as an Importer Identification Number (*Angka Pengenal Importir*) for companies engaged in import activities;
 - b. providing customs and excise access rights (*Hak Akses Kepabeanan*) for companies engaged in import and/or export activities;
 - c. facilitating participation in the national social security programs; and
 - d. fulfilling initial manpower reporting requirements.

Currently the NIB consolidates various registration and administrative functions that were previously processed through separate systems or mechanisms. Previously, businesses were required to apply for and obtain these registrations and licenses individually from different government authorities.

Based on verbal confirmation from OSS officers, in practice, the NIB number remains unchanged throughout the lifetime of the business or undertaking.

25. The NIB serves as a prerequisite for obtaining a Standard Certificate for business activities classified as medium- or high-risk. For medium-risk business activities, the NIB forms the basis for the issuance of a Standard Certificate, whereas for high-risk business activities, the NIB serves as the basis for obtaining the relevant business license.

Accordingly, the NIB constitutes the initial component that applicants must obtain through the RBA OSS system prior to proceeding with further licensing requirements.

26. A Standard Certificate (*Sertifikat Standar*) constitutes a form of business license required for companies engaging in business activities classified as medium- to high-risk. Prior to commencing commercial operations, companies operating in such categories are required to obtain a Standard Certificate.

The issuance of a Standard Certificate signifies that the relevant company has fulfilled the prescribed standards and completed the investment preparation stage, thereby permitting it to proceed to commercial operations.

27. For companies engaging in medium-high risk business activities that require a Standard Certificate, the RBA OSS system allows applicants to initially obtain a Standard Certificate with an “unverified” status based on a self-declaration of compliance with applicable standards. Such self-declaration covers, among others, compliance with safety, security, health, and environmental protection (*Keselamatan dan Kesehatan Kerja serta Lingkungan, K3L*) standards, environmental management obligations (e.g., a Statement of Environmental Management and Monitoring Commitment, *Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan*), as well as relevant technical and operational requirements.

The Standard Certificate issued subject to commitments may be cancelled if such commitments are not fulfilled within the prescribed timeframe. The RBA OSS System monitors the fulfilment of these commitments as part of its post-audit mechanism.

Accordingly, business actors are required to submit evidence demonstrating compliance with the applicable standards through the RBA OSS System, which may also issue periodic notifications requesting such confirmation. Failure to satisfy these requirements within the stipulated period may result in the revocation of the Standard Certificate.

The Standard Certificate will be deemed effective upon fulfilment of all required commitments. In our experience assisting clients with licensing applications through the RBA OSS System, such fulfilment is typically evidenced by the issuance of a verified Standard Certificate.

Each NIB, Standard Certificate, and business license issued electronically through the RBA OSS System is generated as an electronic document containing a QR code, which, when scanned, enables verification of the authenticity and current status of the undertaking’s licensing data within the RBA OSS System.

For medium-high risk business activities, the RBA OSS System initially issues a Standard Certificate bearing an “unverified” status based on the business actor’s commitments. Only after the business actor has fulfilled the applicable standards through the RBA OSS System—and the certificate is no longer marked as “unverified” or revoked—can it be regarded as a fully effective Standard Certificate for operational and commercial purposes.

While the QR code reflects the current status of the certificate, it does not, in itself, constitute the legal act of verification.

II. Company Incorporation

28. The Investment Law requires that a PMA Company be established in the form of a limited liability company under Indonesian law. The establishment, operation, and management of such limited liability companies are governed by Law No. 40 of 2007 on Limited Liability Companies, as amended by Job Creation Law (the “**Company Law**”).
29. A Limited Liability Company (*Perseroan Terbatas*), hereinafter referred to as a “Company,” means a legal entity constituting an association of capital, established based on an agreement, which conducts business activities with its entire authorized capital divided into shares. The term

also includes a legal entity established by a single individual that meets the criteria of micro and small enterprises in accordance with the prevailing laws and regulations governing Micro and Small Enterprises.

30. The organizational structure and articles of association (“**AOA**”) of an Indonesian Company are set out in the AOA. The AOA must be executed in the Indonesian language and in the form of a notarial deed. Upon incorporation, the AOA is embodied in the Company’s Deed of Establishment.
31. A Company consists of three main organs, as follows:
 - a. GMS;
 - b. BOC; and
 - c. BOD.

GMS

32. GMS means an organ of the Company with the authority not vested in the BOD nor the BOC, to a certain extent, as defined by this law and/or the AOA.
33. A shareholder of a Company shall not be personally liable for obligations assumed in the name of the Company and shall not be liable for the Company’s losses exceeding the number of shares invested by the shareholder. The main characteristic of a Company is that a shareholder is liable only to the amount of shares he/she has invested, not extending to his/her personal assets.
34. Circumstances may exist where such a limited liability may cease to exist if:
 - a. the Company has not yet met or fails to meet the requirements for a legal entity.
 - b. the shareholder concerned, either directly or indirectly, takes advantage of the Company in bad faith for personal benefit;
 - c. the shareholder concerned is engaged in a tort committed by the Company; or
 - d. the shareholder concerned, either directly or indirectly, takes advantage of the Company’s assets unlawfully, rendering the Company’s assets insufficient to pay off the Company’s debts.
35. Below is the list of a Company’s legal actions along with the GMS quorum requirements under the Company Law. For legal actions which require only the simple/qualified majority approval of the GMS, the minority shareholders can be overruled. However, according to the Company Law, the AOA of a Company may require stricter quorum requirements than the mandatory quorum being stipulated in the Company Law.

| No. | Legal Action | Quorum Attendance (of the total shares issued having valid voting right) | Quorum for Approval (of the total votes being casted) |
|-----|---|--|---|
| 1. | General GMS (including to appoint members of BOD and BOC) | | |
| | 1 st GMS | More than ½ | More than ½ |
| | 2 nd GMS (if the quorum for First GMS is not met) | 1/3 | More than ½ |
| 2. | Amendment to the AOA, including increase of authorized capital and decreasing capital | | |

| | | | |
|----|--|---------------|---------------|
| | 1 st GMS | 2/3 | 2/3 |
| | 2 nd GMS | 3/5 | 2/3 |
| 3. | Increase of issued and paid-up capital | | |
| | 1 st GMS | More than 1/2 | More than 1/2 |
| | 2 nd GMS | 1/3 | More than 1/2 |
| 4. | Merger, Consolidation, Acquisition, De-merger, Bankruptcy Filing, Extension of Company's Duration, Dissolution | | |
| | 1 st GMS | 3/4 | 3/4 |
| | 2 nd GMS | 2/3 | 3/4 |
| 5. | Assigning, selling, releasing right within one financial year, granting mortgage, pledging or placing the assets of the company as security which value is more than 50% (fifty percent) of all net assets of the company, whether in one or several transactions, whether related or not related to one another | | |
| | 1 st GMS | 3/4 | 3/4 |

36. The provision stipulating the requirement for a company to convene an AGMS is stated under Article 78 paragraph (2) of Company Law. The AGMS shall be convened at the latest 6 months after the conclusion of the company's financial year (or as may be determined in the AOA).
37. The AGMS shall discuss and approve the following matters:
- the Company's financial statement for the previous financial year;
 - the annual report prepared by the BOD;
 - the actions undertaken by the BOD during the last financial year, in order to grant acquittal discharge for the members of the BOD and the BOC, as well as the appointment of members of the BOD or the BOC (when applicable);
 - appropriation of the Company's profit and distribution of dividend (if applicable);
 - other matters as necessary.
38. Accordingly, the following documents are to be ratified and/or resolved upon the AGMS:
- Annual Report

The BOD must prepare an Annual Report, which, as required by law, must be signed by all of the members of the BOD and BOC. In the event that a member of the BOD or the BOC fail to sign the annual report, the respective member must submit his/her reasons to the BOD in a separate letter attached to the Annual Report. If the respective member of the BOD or BOC does not submit such letter, such member shall be deemed to have approved the substance of the Annual Report. This report must include the following items:

- the annual financial report consisting of a year-end balance sheet for the preceding year (in comparison with the previous year), the profit and loss statement, cash flow report, equity change report, with explanations of said report;
- a report on the management and operations of the company;
- report on environmental and social responsibility (if necessary);
- details of problems arising during the financial year which affected the company's activities;

- a report on supervisory duties which have been implemented by the BOC for the preceding year;
- the names of members of the BOD and the Commissioners; and
- the salary and other remuneration for members of the BOD and the Commissioners.

The Annual Report shall also include the information regarding clarification upon the following matters:

- if necessary and relevant, whether there are changes to be made to the members of the BOD and BOC due to the expiry of their term of office.
- Whether the company had a profit or loss in the preceding financial year, and, if there was a profit, whether there will be a distribution to shareholders or a contribution to the reserve account.

With regard to the reserve account, under the Company Law, in each financial year, a company must allocate a certain amount of its net profits as reserve fund. The allocation of net profits is created until the amount of the reserves is not less than 20% (twenty percent) of the issued capital of the company (for more details please see below in Section III).

The approval of the company's Annual Report including the approval of the financial report as well as the report of the supervisory report of the BOC, shall be conducted by the General Meeting of Shareholders.

b. Audited Financial Report

With regard to the financial report which forms part of the Annual Report above, the BOD is obliged to prepare a financial statement must be audited by public accountant, if the following conditions are met:

- The line of the business of the company is raising and/or managing public funds;
- The company issues acknowledgements of indebtedness to the public;
- The company is public company;
- The company is a state-owned Limited Liability Company;
- The company owns assets and/or has a turnover of at least Rp 50,000,000,000.00 (fifty billion rupiah); or
- If the audit is required by laws and regulations;

In addition to the above, for companies that fall within the category of the first three bullet points above, the financial statement which consists of a balance sheet and profit and loss account shall be announced in 1 (one) newspaper within 7 (seven) days upon obtaining ratification by the AGM. As per Company Law, the BOD shall be jointly and severally liable for false and/or misleading financial statements, unless it is substantiated that such a circumstance is through no fault of theirs.

39. The GMS and/or AGMS can either be held as an actual meeting (with prior notice to the shareholders) or be held "on paper" to be signed by all shareholders and later to be made into a notarial deed. In addition, the Company must keep the minutes of the GMS and AGMS with its corporate records.

40. It is important to note that Ministry of Law Regulation No. 49 of 2025 introduces an obligation for companies to submit their annual report, together with the minutes of the AGMS, to the MOL. For this purpose, the AGMS must be prepared in the form of a notarial deed prepared by a notary. The notarial deed of the AGMS along with the annual report must be submitted within 30 calendar days after the notarial deed is signed.

BOD and BOC

41. The Company Law provides for a mandatory two-tier management system consisting of a BOD and a BOC. The BOD is fully responsible for the management of the company in accordance with the interests and objects of the company, and is authorized to represent the company both in and outside of court or policies, performing the day to day management of the company, as well as making plans for the future, undertaking new activities in pursuance of the objects of the company and mapping out the policies of the company. If the BOD comprises more than one Director, the task distribution between the members of the BOD shall be stipulated based on a GMS resolution (otherwise, a BOD resolution). In practice, a President Director is appointed and designated as the authorized representative of the BOD and accordingly, the company. Nonetheless, the shareholders may stipulate other authorization mechanism under the AOA, including in the absence of the President Director.
42. The primary duty of the BOC is to supervise the way the BOD discharges its management responsibilities and to provide the BOD with advice. The BOC has no executive functions, although it can take care of the management of the company for a limited period of time in the absence of Directors. In practice, the AOA of the company normally provide that certain decisions of the BOD require the prior approval of the BOC, or, alternatively, the GMS, to limit the authority of the BOD in certain external matters of the company. The activities of the BOD are also limited to activities within the scope of the company's business defined in the AOA and the permits or licenses obtained from the appropriate authorities. Although BOC may consist of more than one members, they operate collegially and cannot act on individually, their actions must be based on a BOC resolution.
43. Each Director is obligated to exercise due care when managing the company. The same applies to a commissioner when supervising the management by the BOD. Both the Directors and Commissioners are expected to serve the best interests of the company. The Directors and Commissioners owe loyalty to the company both above their own personal interests and the interests of the shareholders who appointed them, even where the interests of the company conflict with those other interests. Neither the BOD and the BOC nor its individual members are agents of any of the shareholders.
44. A Director is required to be actively involved with the management of the company by attending meetings and being informed about the company. In the absence of any implementing regulations and case law, it is unknown yet against what standard – [objective (the Director must act in the manner of a reasonably prudent person) or subjective (the Director will be measured against a person with the Directors' abilities)] – the Indonesian courts of law will use to measure whether or not a director has exercised due care.
45. Directors will not be personally liable to third parties for acts performed by them provided that such acts are within the limits of their competence as defined in the AOA, the resolutions of the GMS, and the law. Directors may be held liable toward third parties, jointly and severally, for tort if they act beyond the limits of their competence. Pursuant to Articles 1365 and 1366 of the

Indonesian Civil Code, the BOD will become personally liable towards third parties if, for example, the BOD contracts an obligation on behalf of the company, whilst it is aware or ought to be aware that the company is in no position to fulfill such an obligation. In such a case, the BOD can be liable for the damage suffered by the third party as a result of such a transaction. If a director acts within his/her authority invested by the shareholders' resolutions and such act is later deemed to be a tort, the Director concerned will not be personally liable, but the liability will rest with the company.

46. The AOA of a company may set out specific reserved matters that restrict the BOD to perform certain corporate action without approval from BOC or GMS. The Company Law also set out statutory reserved matters which could not be waived or regulated in contrary under the AOA, as follows:
- a. **Transfer, dispose or encumbrance of assets:** To transfer, dispose or encumber the Company's assets of which the value is more than 50% of the net assets of the Company within 1 fiscal year in 1 or more transactions, whether or not such transactions are related, shall be approved by the GMS attended by the shareholders representing **at least** $\frac{3}{4}$ of the total shares with valid voting rights and approved by **more than** $\frac{3}{4}$ of the number of votes casted.
 - b. **Merger, acquisition, etc:** With due observance of the applicable provisions of law, a merger, consolidation, acquisition, separation or filing of a petition for the Company to be declared bankrupt, extension of duration of the Company and dissolution shall be approved by the GMS attended by shareholders representing **at least** $\frac{3}{4}$ of the total shares with valid voting rights and approved by **more than** $\frac{3}{4}$ of the total votes casted.
 - c. **Amendment of AOA:** The amendment of AOA shall be approved by the GMS attended by shareholders representing **at least** $\frac{2}{3}$ of the total shares with valid voting rights and approved by **more than** $\frac{2}{3}$ of the total votes casted.
47. BOD, including the president director, may delegate certain authority to employee of the Company by way of signing a power of attorney. However, such authority delegation could not be included in the AOA of the company. As a consequence, a new power of attorney needs to be arranged should the BOD member who grant such power of attorney is replaced or resigning from his/her position.

Profits Distribution / Allocation of Profits

48. Based on Articles 70 and 71 of the Company Law, the utilization/distribution of net profits gained by the Company shall be determined by the GMS. If and only if the Company experiences a positive balance of profits, the Company shall allocate a certain amount in the mandatory reserves.

After the net profits have been deducted by the allocation of mandatory reserves, further, the GMS may determine the allocation of a certain part of or all of the remaining net profits to be utilized as:

- a. Dividends to be distributed to the shareholders;
- b. Other reserves (reserves other than Mandatory Reserves); and/or

- c. Others - such as bonus for the members of BOD and BOC (*tantiem*) and bonus for the employees.

The distribution of *tantiem* and bonus shall be subject to the performance of the company and has been budgeted and calculated as cost.

- 49. Based on Article 70 paragraph (2) of the Company Law, for each financial year, a PMA Company is to allocate a portion of its net profits as mandatory reserves if the company has positive balance profit. The obligation of allocation of net profits as mandatory reserves shall be continued until mandatory reserves have aggregate percentage of at least 20% of the issued and paid-up capital. However, the Company Law does not expressly state that all net profits must be used to completely satisfy mandatory reserves first before they can be distributed as dividend. In practice, we have seen some companies satisfy the mandatory reserves obligation by installments made in positive financial years. The Company Law stipulates that the allocation of net profits as mandatory reserves shall be continued until mandatory reserves have aggregate percentage of at least 20% of the issued and paid-up capital.
- 50. Kindly note that the company may distribute interim dividends before the company's financial year ends to the extent that such distribution is regulated in the AOA of the company.

The following are the key points in distributing interim dividends:

- a. The distribution of interim dividends may be made if the net assets of the company will not become less than (i) the issued and paid-up capital PLUS (ii) the mandatory reserve fund.
 - b. The distribution of interim dividends may not (i) cause the company fail to fulfill its obligations to creditors or (ii) disrupt the activities of the company.
- 51. In the event that after the financial year has ended, and the company suffers losses, the distributed interim dividends must be refunded by the shareholders to the company. The BOD and the BOC shall jointly be liable for the losses of the company if the shareholders fail to refund the interim dividends in such an event.

Incorporation Steps & Procedures

- 52. Prior to commencing the incorporation of a limited liability company, it is important to first identify the business classification of the intended business activities as a preparation stage. Indonesian law classifies business activities under KBLI in which they are categorized and numbered based on goods/commodity produced or service provided. The correct identification of the business classification is essential to determine foreign shareholding restriction applicable for the business as the Investment List also identifies foreign investment restriction based on KBLI categorization. The KBLI code should then be cross-checked against the Investment List to identify whether it is subject to restrictions or a limitation. Normally, one KBLI code (comprising 5 digits) corresponds to one business line, and if a PMA Company has more than one business line, it must apply for more than one KBLI codes.
- 53. If the KBLI codes are not restricted to FDI, they will be referred to in the AOA as the business activities of the company. The respective company is not allowed to conduct any activities beyond what is listed in the AOA and its licenses. Pursuant to Article 92 of the Company Law, the BOD must conduct the management of a Company in the best of interest of the Company and within the objective and purposes of the Company. The BOD is authorized to perform it in accordance

with the policy which is deemed appropriate to a certain extent, as stipulated under the laws and regulations and/or AOA. Article 61 of the Company Law stipulates that the shareholders are entitled to apply for lawsuit against a Company to a district court where the Company is domiciled if the Company's act as a result of the GMS, BOD and/or BOC decision detrimental to the Company.

54. In terms of the country of origin of the shareholders, there is generally no material distinction under Indonesian law between structuring the investment through intermediate holding companies or making a direct investment from the ultimate foreign parent company from an Indonesian law perspective.
55. During this preparation stage, drafting, negotiation and execution of a joint venture or shareholders agreement also commonly take place.
56. The joint venture or shareholders agreement may be governed under foreign law and international foreign arbitration institutions as dispute settlement forum. Indonesian law recognizes foreign arbitration awards provided that it is issued by an international arbitration institution domiciled in any contracting states of the 1958 New York Convention on Recognition and Enforcement of Foreign Arbitral Awards.
57. The shareholders of the PMA Company must execute a Deed of Establishment containing the AOA of the PMA Company before a notary as a first step of the incorporation process. The Deed of Establishment must also be approved by the MOL in order to give the company a valid legal entity status.
58. Once MOL approval is obtained, the PMA Company will be able to open a bank account. Although some Indonesian banks may require the PMA Company to first obtain NIB before bank account opening could be done. The regulation is silent on the requirement for opening or using local bank account in Indonesia for a foreign investor. However, there is a general requirement set out in **OJK Reg 8/2023**. Based on OJK Reg 8/2023, a foreign individual can open a bank account in Indonesia by providing their passport and stay permit in Indonesia to the relevant bank. The stay permit document can be replaced by other supporting documents that can provide confidence to the bank on the profile of prospective foreign national customers, including reference letters from:
 - a. an Indonesian citizen or an Indonesian company/institution/government regarding the candidate customers who are foreign nationals; or
 - b. financial service provider in the country or jurisdiction where the prospective customer is domiciled, and the country or jurisdiction is not classified as high risk.

Note that in practice, aside from the above requirements, usually each local bank will have their own internal policy on the requirement that must be fulfilled by a foreign national to open an account at such local bank.

For a foreign company, OJK Reg 8/2023 is also silent whether or not a foreign company can open or using local bank account in Indonesia. Thus, it will depend on the internal policy of the relevant local bank related to this matter

59. The AOA as set out in the Deed of Establishment contain (i) information related to the PMA Company and its shareholders and (ii) provisions agreed upon by the shareholders to run the PMA Company, including:

The amount of authorized, issued and paid-up capital.

60. Pursuant to BKPM Reg 5/2025, generally, the minimum investment for a FDI, including for industrial business activities, must be above IDR 10 billion (approx. USD 570,000), excluding land and building value, per KBLI code, per project location. Although, some business activities have a higher minimum investment, among others industrial, financial institutions business activities, port and business activities using sea terminal or jetty.
61. The components of the investment value for a new PMA Company are as follows:
- (i) fixed capital, including:
 - a. Land procurement (value of the land and building as owned by a company, expenses for land clearing, cut and fill activities);
 - b. Building (expenditure for building renovation or addition of new building and facilities);
 - c. Machinery (including additional /replacement of machinery (including equipment, spare parts of machinery), as imported or purchased in the domestic market, installation fees);
 - d. Other investment (including other expenses such as operational vehicles, office equipment, building lease fee, survey fee, licensing fee, including operational fee before commencing commercial activities).
 - (ii) working capital (for one turnover) includes: expenditure for raw materials/supporting materials/purchase of inventory, lease fee of building/land/operational vehicles, wages, operational costs (electricity, water, phone), overheads) when the company is ready to carry out its commercial activities.
62. In addition, for PMA companies established in the form of a limited liability company, BKPM Reg 5/2025 provides that the minimum issued and paid-up capital is IDR 2.5 billion per company.
63. As for industrial business activities, the minimum investment value for foreign investment is IDR 15 billion (approx. USD 850,000), excluding land and building value. This is due to the following reasons:
- (i) Pursuant to BKPM Reg 5/2025, foreign investment is categorized as a large-scale business;
 - (ii) Under the Attachment of Ministry of Industry Regulation No. 64/M-IND/PER/7/2016 on the Number of Employees and Investment Value for Industrial Business Classification, the requirements for a large-scale industrial business are as follows: (i) it has more than IDR 15 billion (approx. USD 850,000) investment value (excluding land and building) and (ii) it employs 20 or more employees.

Shareholders and Shareholding Requirements

64. Indonesian law requires a limited liability company including the Company to have at least two shareholders. There is generally no minimum shareholding requirement for a shareholder.

65. Company Law allows the AOA of a company to provide a single class or several classes of shares. Each share of the same class shall confer the same rights upon its holder. If there is more than one class of share, the AOA shall establish one of the among classes as an ordinary share. The Company Law provides that a class of shares may be determined, among others, as follows:
- (i) a share with a voting right or without a voting right;
 - (ii) a share with a special right to propose a candidate for a member of the BOD and/or for a member of the BOC;
 - (iii) a share that after a definite period of time is withdrawn or exchanged for other class of share;
 - (iv) a share that confers upon its holder the right to receive a dividend in advance of a shareholder with other class with respect to distribution of dividends on a cumulative or non-cumulative basis; and/or
 - (v) a share that confers upon its holder the right to receive distribution of remaining assets of the Company in liquidation in advance of a shareholder with other class.
66. The total number of shares issued across all classes shall not exceed the Authorized Capital as set forth in the PMA Company's AOA.
67. In the event of an increase of capital resulting in the issuance of new shares, the existing shareholders shall have a pre-emptive right to subscribe for such shares in proportion to the shareholding within the same class of shares. Where the new shares constitute a class that has not previously been issued, all existing shareholders shall be entitled to subscribe for such shares in proportion to their respective shareholdings. If the existing shareholders do not exercise their subscription rights and fully pay for the shares within 14 calendar days from the date of the offer, the PMA Company may offer the shares to third parties.
68. The shareholders may incorporate a provision on right of first refusal in the AOA, under which existing shareholders are granted a priority right to acquire shares proposed to be sold by another shareholder. Pursuant to this right, a selling shareholder must first offer such shares to the existing shareholders before offering them to any third party. If the existing shareholders do not exercise purchase the shares within 30 calendar days from the date of the offer, the selling shareholder may offer the shares to third parties.

Shareholders' voting rights and quorum requirement

69. The AOA shall contain sets of rules on how the shareholders may cast a vote in the GMS to adopt a shareholders' resolution that will approve the company's corporate actions. The minimum quorums for attendance and voting in the GMS shall not be less than the mandatory quorum under the Company Law.

Transfer of Shares, Acquisition

70. A transfer of shares must be made with a deed of transfer of shares between the buyer and the seller (privately executed or in a notarial deed form). The AOA may stipulate: (i) right of first refusal; (ii) the obligation to first secure approval from the company's organs; and/or (ii) the obligation to first secure approval from the relevant governmental authorities according to the laws and regulations.

71. In case the transfer constitutes an acquisition (results in a change of control in the company), certain acquisition requirements under the Company Law would apply, as follows:
- a. the BOD must announce the acquisition plan in at least one national newspaper at least 30 calendar days prior to the date of GMS call to approve such transaction (or at least 30 calendar days prior to the circular resolution of GMS, as applicable). The purpose is to inform the existing creditors of such an acquisition plan. The creditors may file an objection to the plan within 14 calendar days after the date of the newspaper announcement. If an objection cannot be settled by the BOD until the date of the GMS, the objection should be settled in the GMS. The acquisition cannot proceed until the objection is settled;
 - b. the BOD must announce the acquisition plan to the employees. Any employees may state an objection to such acquisition plan which confers to them the right to be terminated and paid for severance payment. The severance package as elaborated in Employment Aspects section would apply in this circumstance;
 - c. a deed of acquisition must be prepared in a notarial deed form in Indonesian language;
 - d. the BOD must announce the completion of the acquisition no more than 30 calendar days following the effective date of the acquisition, marked by the issuance of the relevant MOL notification receipt.

Even though there are no specific foreign exchange control for such transfer of shares, there are certain requirements that need to be fulfilled for converting local currency into a foreign currency as explained under Foreign Exchange Restrictions, Controls and Offshore Loans section below.

Further, there may be additional acquisition-related requirements under the sectoral regulations, subject to the PMA Company's business activities.

III. Mandatory Use of Rupiah, Foreign Exchange Controls and Offshore Loan

Mandatory Use of Rupiah

72. According to PBI 17/2015 and SEBI 17/11/DKSP, any transactions carried out in Indonesia, whether in cash or non-cash, both by residents or non-residents, must be made in IDR, and parties are prohibited from refusing to accept the IDR as payment if Rupiah must be used for such a transaction. However, certain types of transactions are specifically exempted from the mandatory use of IDR requirement, namely:
1. certain transactions within the framework of implementing the state budget i.e. the Indonesian government's budget (*Anggaran Pendapatan dan Belanja Negara* or APBN), namely:
 - a. repayment of offshore debts;
 - b. repayment of onshore foreign currency debts;
 - c. expenditure on goods from overseas;
 - d. expenditure on capital from overseas;
 - e. state income originating from the sale of sovereign debenture in foreign currency; and
 - f. other transactions in the implementation of the state budget, such as tax payment, visa on arrival, and state non-tax income.
 2. receipt or provision of grant from or to abroad, to the extent that either the grantor or receiver is domiciled overseas;

3. international trade transactions, namely:
 - a. export and/or import of goods to or from outside of Indonesian customs zone (however, transactions for ancillary activities such as berthing, container loading/unloading, temporary container storage, and aircraft parking are not categorized as international trade and the use of Rupiah is compulsory); and/or
 - b. cross border trade in services on the basis of cross border supply and consumption abroad;
4. bank deposits in foreign currencies;
5. international financing transactions, to the extent that either the lender or borrower is domiciled overseas.

The requirement to use IDR shall also not be applicable to any foreign currency transactions carried out in accordance with the laws, including:

1. business activities in foreign currency conducted by Indonesian banks based on laws on banking and sharia banking, including:
 - a. credit in foreign currency for export activities and other kind of activities;
 - b. money market inter-banks in foreign currency;
 - c. bond in foreign currency;
 - d. sub-debt in foreign currency;
 - e. sale and purchase of commercial paper in foreign currency; and
 - f. other banking transactions in foreign currency as governed under the laws on banking and sharia banking and their implementing regulations;
2. transactions of negotiable instruments issued by the government in foreign currencies in primary market and secondary market based on laws on sovereign bonds and sovereign sharia bonds; and
3. other transactions in foreign currencies conducted based on the prevailing laws.

Foreign Exchange Controls

73. Indonesia applies a managed floating exchange rate regime under which the IDR is primarily determined by market forces, with the BI intervening when necessary to maintain currency stability. In addition, for tax purposes, foreign currency transactions must be converted into IDR using the official tax exchange rate (*kurs pajak*), which is determined weekly by the MOF and serves as the mandatory reference for calculating and settling tax obligations in Indonesia.

Law 24/1999 provides that a person may freely hold, use and transfer foreign exchange. The transfer of foreign exchange to and from abroad is, however, subject to a reporting obligation to BI. PBI 9/2024 requires all residents, including banks, companies, financial institutions, and individuals, to report information and data related to foreign exchange activities to BI. Reporting can be done directly by the resident or through other parties appointed by BI, such as banks, non-bank financial institutions, or international transaction service providers. The reporting must be made through formal foreign exchange reports or other reporting mechanisms determined by BI. To ensure compliance, BI has the authority to designate specific parties involved in foreign exchange activities to submit the required data on behalf of residents.

Under the Foreign Exchange Regulations, foreign exchange market transactions include foreign

exchange transactions against Rupiah and foreign exchange transactions against other foreign currencies. Foreign exchange market participants regulated under the applicable regulations include financial services institutions, corporations, individuals, and/or other parties as determined by Bank Indonesia, whether categorized as residents or non-residents. Although foreign exchange transactions generally require an underlying transaction, exemptions apply where such foreign exchange transactions are conducted: (i) between Indonesian banks (i.e., commercial banks established under Indonesian banking laws, including branches of foreign banks, but excluding overseas branches of Indonesian commercial banks); (ii) between banks and Islamic commercial banks and/or Islamic business units; and (iii) through a Central Counterparty (CCP).

Moreover, pursuant to PADG 11/2024, banks conducting foreign exchange transactions against IDR (which include selling IDR to buy foreign exchange, and buying IDR with foreign exchange) are required to ensure that foreign exchange transactions in the form of (i) cash-purchase transactions and (ii) exchange rate derivative transactions with nominal value above a certain threshold, have an underlying transaction. Further, the nominal value of such foreign exchange transactions against Rupiah shall not exceed the nominal value of the underlying transaction and that its term shall not exceed the term of the underlying transaction.

The “certain thresholds” are as follows:

- a. *for cash-purchase transaction of foreign currency against Rupiah, USD 50,000 or its equivalent per month per transaction.*
- b. *for derivative transactions of foreign exchange rates against Rupiah in the form of forward and non-deliverable transactions:*
 - *USD 100,000 or its equivalent per month per transaction in the foreign exchange market, for purchase transactions.*
 - *USD 10,000,000 or its equivalent per transaction, for sale transactions.*
- c. *for swap transactions, USD 10,000,000 or its equivalent per transaction.*
- d. *for derivative transactions of foreign exchange rates against Rupiah other than forward, domestic non-deliverable forward and swap transactions:*
 - *USD 100,000 or its equivalent per month per transaction in the foreign exchange market, for purchase transactions.*
 - *USD 1,000,000 or its equivalent per transaction, for sale transactions.*

whereas the “underlying transaction” is defined as the activities that underlies foreign exchange transactions against IDR. The same regulations also expressly state that underlying transactions consist of (i) current account (which covers (a) export and import of goods and/or services transactions to and from Indonesia, (b) primary revenue transactions and (c) secondary revenue transactions), (ii) financial account (which covers (a) direct investment, (b) portfolio investment, and (c) other investment), (iii) capital account (this includes capital transfer), (iv) credit or financing from banks to Indonesian residents for trade and investment purposes, (v) domestic trade of goods and services, and (vi) other underlying transactions as determined by BI. Further, the regulations specifically exclude the transactions of (i) securities issued by BI (ii) fund placements (iii) credit or financing facilities that have not been withdrawn, or (iv) crypto assets, as an underlying transaction.

Underlying transaction mentioned above must be proven by underlying transaction documentation (either in final or approximate version) and supporting documents. For foreign currency purchase transactions not exceeding the threshold stated above, underlying transaction

document must be accompanied by a written statement stating that the foreign exchange purchase transaction does not exceed the threshold per month per transaction in the foreign exchange market. Whereas, for foreign exchange transactions against IDR that exceeds the said threshold, the underlying transaction documentation must be complemented with a written statement stating the:

1. correctness of the underlying transaction documentation;
2. underlying transaction document is used for foreign exchange transactions against IDR with a maximum amount equal to the nominal value of the underlying transaction and a maximum period equal to the term of the underlying transaction;
3. information regarding the purpose of use, date of use, and amount of foreign exchange requirement, for foreign exchange purchase transactions against IDR with Underlying Transactions that are forecast; and
4. information regarding the source, date, and amount of foreign exchange receipts, for foreign exchange sale transactions against IDR with underlying transactions that are approximated.

All designated reporting parties must ensure that the information provided is complete, accurate, and submitted on time. Failure to comply with these obligations may result in administrative sanctions, including written warnings, financial penalties, or other sanctions imposed by BI.

Offshore Loans

74. in the case of receiving offshore loans and/or financings, local companies would also be subject to the offshore loan reporting as required by BI and MOF. These include:

(a) Reporting to BI

- Report on foreign exchange flow activities pursuant to PBI 21/2/2019 and PADG 21/4/2019, comprising:
 - (i) Report on plan to conclude offshore loan (*Rencana Utang Luar Negeri*) (e.g., plan to obtain offshore loan for the upcoming 1-year period and/or 1-semester, including: type of offshore loan, time of entry, amount of offshore loan and creditor relationship), to be filed at the latest on 15 March – in case of any revisions, such revisions to be filed at the latest on 15 June. Accordingly, this report is generally required to be filed to BI prior to the execution of the loan agreement;
 - (ii) Report on principal data of offshore loan (e.g., offshore loan profile (new and/or amendments), type of offshore loan, amount and currency of commitment and creditor relationship), which shall be filed on monthly basis no later than the 15th day of the following month. The first report to be filed no later than the 15th day of the following month after the signing of the loan agreement between 07.10 up to 16.15 West Indonesian time;
 - (iii) Report on recapitulation data of offshore loan, consisting of: (a) utilisation and/or repayment plan of offshore loan (e.g., dates and amount of the utilisation and/or repayment plan), (b) utilisation and/or repayment realisation of offshore loan (e.g., dates and amount of the utilisation and/or repayment realisation), and (c) position and changes of offshore loan (e.g., position and changes for each type of offshore loan and interest arrears payment accumulation). The first report is to be filed no later than the 15th day of the following month after

the signing of the loan agreement and subsequent report is to be filed on monthly basis no later than the 15th day of the following month.

Incorrect submission, delayed submission, and non-submission are subject to administrative sanction in the form of a warning letter of which the relevant creditor(s), parent company, and/or certain government institutions will be notified. For new reporting parties, the sanction would only be imposed after 3 reporting periods after the first submission, or after the reporting party is discovered to have carried out foreign exchange flow activities in the form of offshore loan (except for report on plan to conclude offshore loan, which sanction would be imposed after 1 reporting period after the first submission).

- Report on implementation of prudence principles pursuant to PBI 16/21/2014 and PBI 16/22/2014, comprising:
 - (i) report on the implementation of prudence principles along with quarterly unaudited financial report and with the supporting documents, among others, statement letter which undertakes that the data submitted to BI is in accordance with the actual fact, to be filed on quarterly basis, at the latest at the end of the third month after the end of the reporting quarter;
 - (ii) report on the implementation of prudence principles which have gone through the attestation procedure along with the annual audited financial report, to be filed on annual basis, at the latest by the end of June in the subsequent year; and
 - (iii) information concerning the fulfilment of credit rating, to be filed at the latest at the end of the subsequent month after the offshore loan has been signed/issued. This report consists of the credit rating, time of rating, and the rating institute.

Failure to submit reports related to the implementation of prudence principles may be subject to fine in the amount of IDR 500,000 up to IDR 10 million and administrative sanction in the form of warning letters.

(b) Reporting to MOF

Based on MOF Decree KEP-261/1973, there is a requirement to submit periodic reports to the MOF for companies obtaining offshore loan. The reports are to be submitted on the effective date of the contract and each subsequent three-month period.

IV. Licensing Requirements

75. Following the completion of the company incorporation process as set out above, the next step would be acquiring the necessary licenses. Types of licenses applicable for limited liability companies to carry out business activities in Indonesia is divided into the followings:
- (i) General Licensing.
The licenses classified into this category apply to all limited liability companies regardless of their lines of business.
 - (ii) Basic Requirements.

These comprise: (i) KKPR; (ii) Environmental Approval; and (iii) PBG and SLF (as applicable), in accordance with the business locations.

- (iii) Business Licensing.
This licensing is required to be obtained prior to commencing commercial operations, subject to the relevant lines of business.
- (iv) Operational Licensing (Supporting Licensing).
This licensing may be required to support business activities equipped with the business licensing.

General Licenses

- 76. General licenses comprise of (i) NIB and (ii) NPWP (including SKT).
- 77. NIB application must be submitted through RBA OSS System website. For this purpose, the company shall create an OSS account by registering through the RBA OSS System (www.oss.go.id).
- 78. Upon account creation, the company shall proceed to obtain NIB. Based on the recent guidance issued by the RBA OSS System, In this process, the company would need to complete the information on: (i) company data, business activity plan and business location plan, (ii) source of funds and investment plan, which includes among others, the value of land, building, machinery/equipment, other investments; (iii) employment data; (iv) conformity with spatial utilization and information regarding land occupation; (v) written undertaking on environmental approval as provided in the RBA OSS System; (vi) environmental document screening (*penapisan*) process; and (vii) other documents/information as may be required during the application. The NIB will typically be issued within 1 – 2 calendar days, depending on the completion of data/information, assuming that there are no technical issues with the website.
- 79. The application for NPWP by the company may be done either electronically or by manual/physical application. Electronic application is carried out by filling out and submitting/uploading application forms accompanied by softcopy of required documents on the website of DGT. In practice, application for NPWP can be completed between 1-2 calendar days, subject to the completion of data/information required, as well as assuming that there are no technical issues with the website of DGT (for electronic application). The SKT will be issued along with the NPWP.

Basic Requirements

KKPR

As part of the NIB application, the RBA OSS System will assess the conformity of the spatial planning activity for the business activities of the PMA Company and further issue a KKPR in the form of:

- a) KKKPR

KKKPR is a document that confirms the conformity between a spatial utilization plan and RDTR. KKKPR is issued when the land use proposal conforms with an RDTR that has already been integrated into the RBA OSS System. Because RDTR-integrated areas already follow a

standardized and automated spatial evaluation, a KKKPR is issued automatically by the RBA OSS System upon submission of the required information.

Under Article 7 of MOAA Reg. 13/2021, business undertakings must submit the following requirements through the RBA OSS system: (i) geographical coordinates; (ii) the required land area for spatial utilization activities; (iii) land tenure information; (iv) information on the type of business; (v) number of floors of the building; and (vi) floor plan of the building.

b) PKKPR

PKKPR is required for land use proposals in areas without an available RDTR or where the existing RDTR has not yet been integrated into the RBA OSS System. In these cases, conformity with the RTRW must be assessed manually. A PKKPR is therefore issued after assessment by MOAA.

The documents required for PKKPR registration are as follows: (i) geographical coordinates; (ii) the required land area for spatial utilization activities; (iii) land tenure information; (iv) information on the type of business; (v) number of floors of the building; (vi) floor plan of the building; and (vii) building technical plan and/or area master plan.

In practice, a KKKPR is issued through the RBA OSS System within 1 business day following submission of the application or completion of PNPB payment. In contrast, a PKKPR is issued by MOAA through the RBA OSS System within 20 business days from the date of application, following manual verification, which includes consideration of the assessment results and land technical recommendation issued by the relevant Land Office. PKKPR has a validity period of 3 years.

The KKPR (KKKPR/PKKPR) will be issued simultaneously with the NIB.

Building-Related License

80. In the event the PMA Company intends to construct a building to commence its business activities, the PMA Company is required to obtain PBG before beginning actual/physical construction work. PBG is a permit granted to a building owner to construct new buildings, modify, expand, reduce, and/or maintain buildings in accordance with technical standards for buildings. PBG does not have a specific validity period and will remain valid so long as there is no modification to the building.
81. After applying for PBG in the RBA OSS System, the applicant will have to continue the application process to the SIMBG. As the RBA OSS System and SIMBG are integrated, the application previously submitted to the RBA OSS System will also be shown in the SIMBG system. Once the necessary documents and information are completed, the next step is to pay retribution fee. The governmental agency will examine the documents to check if all necessary information has been completed and issue the PBG once approved.
82. Following the obtainment of PBG and one the complete construction of the building, the PMA Company will also be required to obtain SLF. SLF is required as a certificate given by regional government to declare the function worthiness of a building before it can be utilized. SLF has a validity period of 5 years.

83. Considering that the obligation to obtain SLF rests with the building owner, if the PMA Company leases the building, the PMA Company as the lessee is recommended to ensure that the building owner holds a valid SLF, given that the sanctions for failure to obtain a SLF may extend to the demolition of the building.
84. In addition to PBG and SLF, there is another document related to building ownership, namely SBKBG. SBKBG is granted through SIMBG for buildings that have already obtained SLF.

Environmental Approval

85. Environment Approval is a pre-requisite to the issuance of Business Licensing, and is carried out by way of:
 - i. preparation of Environmental Impact Analysis (*Analisis Dampak Lingkungan* or “**AMDAL**”) and AMDAL feasibility assessment. AMDAL consists of Form of Terms of Reference (*Formulir Kerangka Acuan*), and Environmental Impact Analysis (*Analisis Dampak Lingkungan Hidup* or “**Andal**”)¹ and Environmental Management Plan and Environmental Monitoring Plan (*Rencana Pengelolaan Lingkungan Hidup dan Rencana Pemantauan Lingkungan Hidup* or “**RKL-RPL**”²); or
 - ii. preparation of Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or “**UKL-UPL**”) Form and examination of UKL-UPL Form.

According to the Environmental Law, every business and/or activity that has a significant impact on the environment must have an AMDAL. The law stipulates that further provisions on the types of business and/or activity that fall within this category are regulated by the Ministry of Environment. The Environmental Law also stipulates that every business and/or activity which has no significant impact on the environment must comply with UKL-UPL standards. Further provisions on UKL-UPL are stipulated under a Government Regulation (in this case, GR 22/2021).

SPPL is required for business and/or activity which has no significant impacts on the environment and is not included in the criteria of mandatory UKL-UPL. Under the current licensing regime, SPPL is integrated into a company’s NIB. As a consequence, business undertakings that are only required to submit the SPPL can now start their business activities immediately once they obtain the NIB, without the need to apply for an additional permit.

Business Licensing

86. As mentioned in item No. 12 above, business activities are categorized into four main categories based on their risks (i.e., low, medium-low, medium-high, high risk). The risk is calculated based on the business’s impact on health, safety, environmental, and/or resource utilization aspects. the types of licenses that must be obtained by investment undertakings will be based on the risk level of the business activity as follows:

¹ Andal is defined as detailed and depth review on the important impact of a planned business and/or activity.

² RKL is defined as an effort to handle the impact to the environment caused by the planned business and/or activity. RPL is an effort to supervise the environment caused by the planned business and/or activity.

| No. | Business Activities Classification | Business Licensing | Remarks |
|-----|--|--|---|
| 1. | Low-risk business activities, or activities conducted by micro and small businesses | NIB | - |
| 2. | Medium-Low risk business activities | <ul style="list-style-type: none"> - NIB - Standards Certificates, in the form of a statement made by companies. | For issuance of Standards Certificates, there are certain undertakings/ commitments that must be fulfilled by the applicant. |
| 3. | Medium-High risk business activities | <ul style="list-style-type: none"> - NIB - Standards Certificate, in the form of a statement made by companies, that will be further verified by the regional or central government. | For issuance of a Standards Certificate that must be verified by the government, there are certain undertakings/ commitments that must be fulfilled by the applicant. |
| 4. | High risk business activities | <ul style="list-style-type: none"> - NIB; and - Business License, which will be issued after assessment by the regional or central government (as applicable). | For issuance of Business License, there are certain undertakings/ commitments that must be fulfilled by the applicant. |

The operational licenses to be obtained by the Company will be subject to and determined based on the Company's intended business activities, upon identification of the relevant KBLI classification and the applicable business risk level under the prevailing regulatory framework. In general, business licenses may already be processed through the RBA OSS System in an integrated manner. However, in practice, certain business licenses for specific sectors are still required to be processed manually with the relevant supervising ministry or governmental authority.

Operational Licensing

87. Pursuant to Article 4(3) of GR 28/2025, business undertakings may also require to obtain a PBUMKU, which covers business and product standards relevant to their sector. PBUMKU may be applied via the RBA OSS System, before or after the operational stage, depending on the applicable sectoral regulations based on the relevant KBLI.

V. Employment Aspects

88. This section provides general information on the basic requirements applicable to an employer and employees in an employment relationship, as well as the working permits for foreign employees, set forth out in the Manpower Law and its implementing regulations.

Employer / Employee Relations

89. An employment agreement is the foundation for an employment relationship between an employer and an employee. In general, there are 2 types of employment agreement under the Indonesian laws and regulations:
- Definite-Term Employment Agreement (*Perjanjian Kerja Waktu Tertentu* or “**PKWT**”); and
 - Indefinite-Term (Permanent) Employment Agreement (.)
90. Employment agreements may be made verbally or in writing, with the exception of definite-term employment agreements, which must be made in writing. All employment agreements not made in written form shall be or be deemed as indefinite-term employment agreements.

A written employment agreement must at least state/contain data on the following:

- a. name and address of the employer;
 - b. business of the employer;
 - c. name, gender, age, and address of the employee;
 - d. position or type of the work;
 - e. workplace and address;
 - f. salary and allowance;
 - g. procedure for the payment of salary;
 - h. terms and conditions of work;
 - i. employer’s rights and obligations;
 - j. employees’ rights and obligations;
 - k. commencement date of the agreement;
 - l. type of agreement (definite or indefinite); and
 - m. signature of the parties.
91. A definite-term employment agreement can apply to work that is non-permanent in nature and based on:
- a. Period of work:
 - (i) work that should be completed within a short period (maximum 5 years),
 - (ii) seasonal work, or
 - (iii) work related to a new product, new activities, or additional products that are still in a trial phase; or
 - b. Completion of work:
 - (i) as a one-off task, or
 - (ii) work that is temporary in nature.
92. Failure to comply with the foregoing will automatically transform a definite-term employment agreement into one that is indefinite-term, and the employee will be regarded as permanent from their first day of work.

93. A definite term employment agreement must be registered with the manpower agency of the respective region within 3 days of its execution (if submitted online) or 7 days (if the submitted manually to the local manpower agency office).

Language in Employment Agreements

94. Definite-term employment agreement must be produced in Indonesian. Should it also be written in a foreign language, the Indonesian language version should prevail in the event of a difference of interpretation between the two. The Manpower Law does not expressly stipulate language requirement for permanent employment agreement, but it generally must comply with the language requirement under the Language Law.

Employee Handbook

95. An employer with more than 10 employees is required to prepare an employee handbook (*peraturan perusahaan*), unless the employer have a collective labor agreement in place. This handbook, which must be ratified by the relevant manpower agency/office, and it will be valid for 2 years as of the date of its ratification. If an employer that employs more than 10 employees does not maintain any employee handbook, it is liable to a fine of up to IDR 50 million.
96. The employee handbook shall at least stipulates the following:
- a. rights and obligations of the employer and the employee;
 - b. employment terms and conditions;
 - c. employer's rules of conduct; and
 - d. period of validity of the employee handbook, which shall be 2 years and shall be extendable.

The quality and quantity of the conditions of employment stipulated in the employee handbook must not be less beneficial than those regulated under the prevailing laws and regulations.

97. The drafting of the employee handbook by the employer shall take into consideration the recommendations and considerations from the employees' and labor union representatives. Furthermore, at the time the employer submits the employee handbook for ratification to the manpower agency, it must also attach a statement from the employees' representatives that certifies that the employees have provided their recommendations and considerations to the employee handbook draft, and the company has considered suggestions made by the employees.

Collective Labor Agreement

98. If an employer's employees are members of a labor union, it may represent the employees in negotiations with the employer/company for the establishment of a CLA. Under Law 21/2000, a Labor Union shall be established within a company with at least 10 employees.
99. A labor union is required to have articles of association and to register itself with the MOM. To represent the employees of a company in the CLA negotiation, the labor union must represent more than 50% of the total number of employees of the company (both union members and non-members). A CLA is only mandatory if a company has a labor union and it meets the criteria to negotiate a collective labor agreement.

100. A CLA must be written in Indonesian language, and include the following:

- a. name and domicile of the employer and the labor union;
- b. signature of representatives of the employer and the employees;
- c. rights and obligations of the employer and the employees;
- d. employment conditions;
- e. employee rules of conduct; and
- f. period of validity period.

Similar to the contents of an employee handbook, the quality and quantity of the conditions of employment stipulated in the CLA must not be less beneficial than those regulated under the prevailing laws and regulations.

101. A CLA must be registered with the relevant manpower institution and has validity of 2 years from its execution. Should a company already have an existing employee handbook, and a CLA is executed, the CLA will replace the employee handbook.

Before the lapse of 2 years, the employer and labor union may negotiate a new CLA. If, during the negotiation, the parties are unable to agree upon a new CLA, the parties may, by mutual agreement, extend the existing CLA by up to 1 year. The extension will be used by the parties to negotiate a new CLA. If the parties are still unable to agree on a new CLA, the existing one will continue to prevail until a new CLA has been agreed. Once agreed, the new CLA shall prevail as a renewal.

Mandatory Manpower Report

102. In accordance with Law No. 7 of 1981 on Mandatory Manpower Reports, companies are required to submit annual WLKP to the manpower agency of their respective region.

The first report must be submitted within 30 days as of the establishment of the company, to be followed by subsequent reports approximately 1 year after the first. The report should detail the number of employees, their wages and types of employment relationship.

The MOM has introduced a fully online procedure for mandatory manpower reporting via MOM Regulation No. 18 of 2017 on the Manner and Procedure for Online Mandatory Manpower Reporting by Companies, as amended by MOM Regulation No. 4 of 2019. The new procedure requires companies to submit their manpower reports via the following website: <http://wajiblapor.kemnaker.go.id>.

Employee Social Security

103. In supporting the right for employees to social security under the Manpower Law, employers are required to register all of its employees, including foreigners who are employed for at least 6 months in Indonesia, as a participant in the social security programs in Indonesia. As participants, the employers are required to collect contribution fees that must be paid and deposited to the Social Security Management Board (*Badan Penyelenggara Jaminan Sosial* or “BPJS”). The contribution fees are based on the percentage of the employee’s salary collected to pay and deposit such fees to the BPJS.

104. Law 24/2011 on social security programs, recognizes two types of social security: Manpower Social Security and Health Social Security.
- A. Manpower Social Security that is administered by the BPJS of Manpower, formerly known as PT Jamsostek (Persero). This type of social security consists of 5 programs, and have different contribution percentage:
- a. Occupational Accident Security (*Jaminan Kecelakaan Kerja*) : The contribution percentage for this program is to be determined on the basis of the employer's business activities. The contribution/premium will be fully paid by the employer.
 - b. Death Security (*Jaminan Kematian*) : The contribution/premium will fully paid by the employer.
 - c. Old Age Security (*Jaminan Hari Tua*) : The contribution/premium will be jointly paid by the employer and the employee.
 - d. Pension Security (*Jaminan Pensiun*) : The contribution/premium will be jointly paid by the employer and the employee. The Indonesian Government determines annually the maximum monthly wage to calculate the pension security premium.
 - e. Job Loss Security (*Jaminan Kehilangan Pekerjaan*) : The contribution/premium will be taken from the premium paid for work accident and death security program. Thus, for participation in this program, employer and employee should not need to pay anything on top of what they are already paying.
- B. Health Social Security only consists of one program: the Health Security program. that is administered by the BPJS of Health. The contribution/premium will be jointly paid by the employer and the employee. The Indonesian Government determines annually the maximum monthly wage to calculate the health social security premium.

Pension Funds

105. Under Law 4/2023, employers in the private sector are not required to provide their workers with a pension plan. However, employers who do provide their workers with a pension fund are obliged to maintain it.

Law 4/2023 stipulates two main types of pension fund:

- a. Employer Pension Fund, a pension fund set up and controlled by the employer through a separate legal entity.
- b. Financial Institution Pension Fund, a pension plan administered via a financial institution.

Each type of pension fund separately stipulates pension benefits, employer and employee contributions, benefit payout upon retirement or employment termination, and other related matters.

Expatriate Employees, Work and Stay Permits for Expatriate Employees

106. The legal regulatory framework on the utilization of expatriate employees is provided under GR 34/2021 and MoM Reg. 8/2021.

The general rule is that expatriate employees are welcome to work in Indonesia, provided that their work cannot be performed by Indonesian nationals; they can only be employed on fixed-

term contracts and in particular positions/roles. This requirement is generally applied leniently, subject to specific requirements in several sectors.

107. Indonesian companies are prohibited from employing foreign nationals for the following positions:
 - a. Personnel Director;
 - b. Industrial Relations Manager;
 - c. Human Resources Manager;
 - d. Personnel Development Supervisor;
 - e. Personnel Recruitment Supervisor;
 - f. Personnel Placement Supervisor;
 - g. Employee Career Development Supervisor;
 - h. Personnel Administrator;
 - i. Chief Executive Officer;
 - j. Personnel and Careers Specialist;
 - k. Personnel Specialist;
 - l. Career Advisor;
 - m. Job Advisor;
 - n. Job Advisor and Counsellor;
 - o. Employee Mediator;
 - p. Job Training Administrator;
 - q. Job Interviewer;
 - r. Job Analyst; and
 - s. Occupational Safety Specialist.

108. The MOM further issued a list of positions that are allowed to be occupied by expatriates in accordance with MOM Decree No. 228 of 2019:
 - a. Construction;
 - b. Real estate;
 - c. Education;
 - d. Processing Industry;
 - e. Water Management, Wastewater Management, Waste Management and Recycling, and Remediation Activity;
 - f. Transportation and Warehousing;
 - g. Arts, Entertainment and Recreation;
 - h. Provision of Accommodation and Provision of Food and Beverage;
 - i. Agriculture, Forestry and Fisheries;
 - j. Leasing and Lease Operation, Employment, Travel Agencies and Other Supporting Business;
 - k. Financial and Insurance Activities;
 - l. Human Health Activities and Social Activities;
 - m. Information and Technology;
 - n. Mining and Excavation;
 - o. Procurement of Electricity, Gas, Steam/Hot Water and Cold Air;
 - p. Wholesale and Retail Trade, Repair and Maintenance of Cars and Motorcycles;
 - q. Other Service Activities; and
 - r. Professional, Scientific and Technical Activities.

109. Employer is prohibited from employing expatriates who are concurrently employed by another employer in Indonesia, except where such expatriates hold, and will continue to hold, the same position with the employer in one of the following categories:

- a. directors or commissioners;
 - b. foreigners in the vocational education and training sector;
 - c. foreigners in the digital economy sector; or
 - d. foreigners in the oil and gas sector for cooperation contract contractors.
110. Pursuant to Article 4 of MoM Reg. 8/2021, expatriates to be employed by an employer in Indonesia must fulfill the following requirements:
- (i) possess educational qualifications that are suitable for the intended position;
 - (ii) possess relevant competence or have at least 5 years' work experience relevant to the position; and
 - (iii) an intention to transfer their skills and knowledge to fellow Indonesian employees.
111. GR 34/2021 and MoM Reg. 8/2021 also provide statutory exemptions from the expatriate-employment rules in the following case:
- (i) Shareholding directors and commissioners whose shareholding satisfies the thresholds prescribed by law;
 - (ii) Expatriates who are:
 - employed in relation to production activities that have been halted by some form of emergency;
 - employed in vocational training;
 - employed by a technology-based start-up;
 - conducting business visits;
 - engaged in research to be carried out over a specified period.

If an employer plans to send professional technical personnel to Indonesia, there is no restriction/limitation on numbers if the company can show that 1 Indonesian employee (a counterpart) will be assigned to work alongside the expatriate. All technical personnel can be accompanied by one Indonesian employee.

112. For technical qualifications, a competency certificate will need to be shown. If the person will be appointed as a member of the BoD, there is no limitation on numbers, and no obligation to assign an Indonesian counterpart.
113. The following are the permits required for the employment of expatriates in Indonesia:
- a. **RPTKA Feasibility Assessment Results Approval (“RPTKA Assessment”)**
 The RPTKA Assessment will state the number and positions of expatriates that are allowed to be employed by the employers.

 The employer must obtain this license by submitting an application to the MoM detailing a general plan on the proposed work of the expatriate, including the identity of the employer, the number of expatriates that will be employed, data on the Indonesian local worker/mentee, plan to absorb Indonesian workers every year, and statement of commitment to (i) appoint Indonesian local worker/mentee, (ii) carry out education and job training for Indonesian local worker/mentee, and (iii) facilitate the Indonesian language education and training for the foreign employee.
 - b. *RPTKA Approval*

After the issuance of the RPTKA Assessment, the employer should apply for RPTKA Approval through the online system of the MOM. The employer is also required to upload the application letter for the VITAS on the purpose of working in Indonesia, which is addressed to the Ministry of Immigration and Corrections (“**MOIC**”), along with the application for RPTKA.

The RPTKA Approval issued by MOM contains information on the employer, identity of expatriate, work location, validity period of RPTKA.

c. *DKP-TKA*

After the submission of the RPTKA application, a payment code will be issued online for payment of the compensation fund for utilization of expatriate or known as DKP-TKA. Under GR 34/2021 and MOM Reg. 8/2021, an employer is required to make a mandatory payment to the MOM as the compensation fund for utilization of a foreigner in the amount of USD100 per employee per month. Payment of which will usually be made in lumpsum, depending on the work permit period approved by the MOM. For example, if the work permit of the foreigner concerned is issued by the MOM for a period of 12 months, the company/employer must pay the DKP-TKA with a total amount of USD1,200.

The following are exempted from payment of the DKP-TKA:

- (i) government institutions,
- (ii) representatives of a foreign country,
- (iii) international agencies,
- (iv) social institutions,
- (v) religious institutions,
- (vi) certain positions at educational institutions.

Upon payment of DKP-TKA by the employer, the RPTKA will be issued, and contains information on the employer, identity of the expatriate, work location, and period of validity of the RPTKA.

d. *VITAS*

The issuance of the VITAS will allow the expatriates to enter the Indonesian territory for employment purposes, as well as a prerequisite to obtain a stay permit (known as ITAS). VITAS application will be submitted along with the RPTKA application through the MOM system. After the RPTKA is issued by the MOM, the MOM will automatically forward the VITAS application to the MoIC. Once issued, MoIC will send the VITAS to the expatriates via email.

e. *ITAS*

Upon arrival in Indonesia, the expatriate will obtain the ITAS from the immigration counter at the airport upon showing their passport and VITAS. The immigration officer will provide a sticker containing the expatriate’s data, the ITAS card, and a re-entry permit to the Indonesian territory if the expatriate travels overseas throughout the duration of their employment.

The validity period of the ITAS is the same as that stated in the VITAS and can be extended before the period ends. The length of stay of the extension is based on the working period stated in the Notification but is no longer than 2 years for each extension, with a total maximum stay of six years (including the original period of the stay).

The expatriate is only allowed to work at the location stated in the RPTKA. However, by holding an ITAS, the expatriate may travel around Indonesia without needing to apply for other visit permits, throughout the permitted length of stay.

Working Hours and Overtime

114. Normal working hours under the Manpower Law are:
- a. 7 hours per day or 40 hours per week for a 6-day work week; or
 - b. 8 hours per day or 40 hours per week for a 5-day work week.
115. Employers who require their employees to work longer than the normal working hours must observe the following rules:
- a. The employee must agree to work overtime;
 - b. The employee may work overtime of up to 4 hours per day or 18 hours per week;
 - c. The employer is obligated to pay overtime;
 - d. The employer provides sufficient rest time and food and beverages with a minimum calorific value of 1,400 kcal, if an employee works overtime of 4 hours or more; and
 - e. The provision of food and beverages cannot be replaced by payment in lieu.
116. Employees holding a "thinker, planner, implementer or controller" position, function or job, whose working hours cannot be limited to normal working hours, are not entitled to overtime payment as their salaries are generally higher than that of the ordinary employees.

It is further stipulated in GR 36/2021, that employees who fall within the above category are those who earn salaries greater than the maximum used as the upper limit for calculating pension security contributions to the Manpower Social Security program.

For reference, the upper limit in 2026 is Rp11,086,300 monthly. This means that an employee who receives a salary lower than such amount per month is deemed eligible to receive overtime, regardless of their job position. This requirement has provided clearer guidance to employers when determining who will be eligible for overtime.

Income

117. The Manpower Law stipulates that employers are required to comply with the minimum wage requirement as determined by the Indonesian Government on an annual basis where the employers are domiciled.

Under GR 36/2021, an employee's income has two components:

- a. Wage

Article 7 of GR 36/2021 provides that salary may comprise the following:

- (i) Wage only, without fixed allowances;
- (ii) Basic wage with fixed allowances: the basic wage must not be less than 75% of the basic wage plus fixed allowances.
- (iii) Basic wage with fixed allowances and non-fixed allowances: the basic wage must not be less than 75% of the basic wage plus fixed and non-fixed allowances.

Employers may choose either one of the above salary structures but are required to comply with the minimum salary requirement, which is determined from time to time by the respective Governor. Specifically for salary structure under point (c) above, the amount in basic wage or basic wage with fixed allowance must not be less than the specified minimum salary.

The employer shall pay the employees' salary on time, as agreed under the employment agreement or stipulated under the employee handbook or CLA. Should there be any delay in salary payment, a late payment penalty will be applicable.

b. Non-Salary

Article 8 of GR 36/2021 provides that the non-salary component of an employee's income may comprise the following:

- (i) Religious Holiday Allowance (*Tunjangan Hari Raya* or "THR");
- (ii) Incentive;
- (iii) Bonus;
- (iv) Work facility compensation;
- (v) Service compensation for certain undertakings.

Except for THR, the provision of allowances by employers is not mandatory. Employees who have worked for 12 consecutive months for a company/employer are entitled to a THR of 1 month's salary. The THR is paid once a year (another term for the THR is "13th salary"). Employees with less than 12 consecutive months of service receive a prorated THR. It must be paid no later than 7 days before the respective religious holiday.

Rest and Leave

- 118. The Manpower Law requires employers to provide mandatory rest periods, holidays, and various types of paid leave, while ensuring employees continue to receive wages during such periods.
- 119. Employees are entitled to:
 - a. Rest periods and weekly days off, as well as public holidays without work obligation
 - b. Annual leave and other statutory paid leaves (e.g., marriage, family events, maternity, miscarriage, menstrual leave)
 - c. Religious leave and facilities, including paid absence for certain religious obligations
 - d. Sick leave with wage entitlement, with payment gradually reduced over time for prolonged illness

Bipartite Cooperation Body

120. The Manpower Law requires companies with 50 employees or more to establish a Bipartite Cooperation Body. The entity serves as a communications and consultation forum within a company for matters related to industrial relations, whose members comprise (i) the company/employer and (ii) the employees, who may be represented by a registered labor union.
121. The Bipartite Body holds meetings at least once a month and at any other time deemed necessary, at which the employer and the employees discuss matters in a coordinated, consultative, and communicative manner.

Labor Union

122. Labor unions are regulated by Law 21/2000, which stipulates the following:
 - a. A labor union shall be formed via the free will of the employees without pressure or intervention from the employer, the government, political parties or any other party;
 - b. Every employee has a right to form and become a member of a labor union;
 - c. A labor union must comprise at least 10 employees;
 - d. A labor union is required to have articles of association and rules of association;
 - e. An employee may not be a member of more than one labor union. Employees who are registered as a member of more than one labor union must declare in writing which membership he chooses to retain;
 - f. Employees whose position in the company (e.g., in human resources) or position in the labor union may cause a conflict of interest are prohibited from taking a management position in the labor union;
 - g. A registered labor union has the following rights:
 - (i) negotiate a CLA with the employer;
 - (ii) represent an employee in an industrial relations dispute;
 - (iii) represent employees before a manpower institution;
 - (iv) to establish a business institution (such as establishing a cooperative or a foundation) or to carry out activities to improve employee welfare;
 - (v) establish and become a member of a labor union federation;
 - (vi) to engage in other manpower-related activities not in violation of the prevailing laws and regulations; and
 - (vii) affiliate or co-operate with an international labor union or other international organization.

Director's Position under Indonesian Law

123. The relationship between a director and the company is governed under or subject to the Company Law, not the Manpower Law. The MOM has reconfirmed this by stating that a legal connection between a company and a director or commissioner falls within the area of corporate law, while the legal connection between a company and employees falls within the Labor Law.
124. Under Company Law, the entitlements and benefits of members of the BoD are determined by a GMS. This authority can be delegated to the BOC.

125. Company Law does not stipulate that a director is entitled to severance pay upon dismissal or completion of their term of office. However, the GMS may, at its sole discretion, resolve to make a gratuity payment to a director at the end of the director's term of office.
126. If the GMS of a company determines that a director will be paid severance, it may choose to calculate the amount by using the Manpower Law formula for the calculation of employee severance package. This should be stated in the service agreement between the company and director concerned.

Employee Termination

127. An employer typically has two options available to carry out termination:
- (i) mutually, by signing a Mutual Employment Termination Agreement (“**META**”) with the employee; or
 - (ii) unilateral termination, which can only be conducted for termination due to permitted reasons of employment termination as stipulated in the Manpower Law and GR 35.

Both options may require employer to provide certain amount of termination compensation to the terminated employees.

128. A severance package is provided to employees under a permanent employment agreement upon termination. It consists of the following. Monthly wage used for the severance package calculation shall consist of basic salary and fixed allowance (if any).

(i) Severance Pay

| Length of Service | Severance Pay |
|---------------------------------------|----------------|
| Less than 1 year | 1 month's wage |
| 1 year or more but less than 2 years | 2 months' wage |
| 2 years or more but less than 3 years | 3 months' wage |
| 3 years or more but less than 4 years | 4 months' wage |
| 4 years or more but less than 5 years | 5 months' wage |
| 5 years or more but less than 6 years | 6 months' wage |
| 6 years or more but less than 7 years | 7 months' wage |
| 7 years or more but less than 8 years | 8 months' wage |
| 8 years or more | 9 months' wage |

(ii) Service Appreciation Pay

| Length of Service | Service Appreciation Pay |
|---|--------------------------|
| 3 years or more but less than 6 years | 2 month's wage |
| 6 years or more but less than 9 years | 3 months' wage |
| 9 years or more but less than 12 years | 4 months' wage |
| 12 years or more but less than 15 years | 5 months' wage |
| 15 years or more but less than 18 years | 6 months' wage |
| 18 years or more but less than 21 years | 7 months' wage |
| 21 years or more but less than 24 years | 8 months' wage |

| Length of Service | Service Appreciation Pay |
|-------------------|--------------------------|
| 24 years or more | 10 months' wage |

(iii) Compensation of Entitlements:

- Compensation for any annual leaves that has not been taken and has not been forfeited.
- Relocation expenses for the employee and their family to the place of the recruitment
- Other compensation as stipulated under the individual employment agreement, employee handbook or CLA.

129. Entitlement to each component of severance package depends on the specific reason for termination, and not all employees will receive the full package. GR 35/2021 prescribes different multiplier factors for severance pay (ranging from 0x to 2x), depending on the grounds for termination.
130. Certain grounds for termination may require the employer to provide “separation pay.” The amount is not prescribed under the Manpower Law and must instead be determined in the employee handbook or CLA.
131. For definite term employee, termination does not entitle them to a severance package; instead, employers are required to provide statutory compensation based on the employee’s length of service, calculated either as one month’s salary for 12 months of service or on a pro rata basis for shorter periods. This compensation requirement does not apply to foreign workers.
132. If a definite term employee terminated prior to its expiry date, the terminating party is generally required to pay compensation equal to the employee’s remaining salary for the rest of the contract period.

Occupational Health and Safety

133. Employees are entitled to protection of their occupational health and safety, dignity, and moral and religious values under the Manpower Law. Employers are required to implement comprehensive safety measures, including accident and fire prevention, hazard control, provision of personal protective equipment, maintenance of safe working conditions, and prevention of occupational diseases.
134. To ensure these protections, employers must implement an occupational health and safety management system (SMK3) integrated into their overall management structure. This system is governed by GR 50/2012 and related regulations, and includes establishing internal policies covering risk assessments, hazard identification, safety performance improvement, and employee involvement.
135. Employers with at least 100 employees or high-risk operations are specifically required to implement SMK3, and its implementation must be audited by an independent body appointed by the Ministry of Manpower. The audit results are reported to relevant authorities to support ongoing compliance and improvement in workplace safety standards.

VI. Land Acquisition

- 136. In the event the PMA Company intends to carry out industrial business activities, unless there is an exemption from the relevant authority, the PMA Company is generally required by law to set up its business location in an industrial estate or industrial designated area. In this regard, the PMA Company may procure land either by purchasing or leasing the land from an industrial estate company or a landowner of the land within the industrial designated area.
- 137. PMA Companies most commonly own land title under HGB. HGB gives rights to the holder to utilize the land by building a new establishment or using anything that has been previously built on the land on an exclusive basis. HGB title is granted for a maximum period of 30 years, which is extendable for 20 years. Provided that the land is still being used for the same purpose, the HGB holder may apply for a renewal of the HGB title for another 30 years. However, the land title may also differ depending on the intended business activities.
- 138. There are several types of land title under the Indonesian agrarian law, as follows:

| Land Title | Permitted Activities | Eligible Holder |
|--|---|---|
| HM | All activities are generally permitted, to the extent it is in accordance with the prevailing laws and zoning of the land. | <ul style="list-style-type: none"> • Indonesian individuals; and • Certain entities as determined by the government. |
| HGB | Housing, office, industry, warehouse, shop, hotel, flats, power plant or other uses in the form of buildings. This also includes the supporting facilities of such buildings such as golf yard, agritourism, hatchery and breeding farm. | <ul style="list-style-type: none"> • Indonesian individuals; and • Indonesian legal entities, including PMA Companies. |
| HP categorized into THP and UHP | <p>Agricultural (for plants not accommodated in the kind of agricultural plants) and non-agricultural activities.</p> <p>The non-agricultural activities include government offices, office of the foreign entities with representative in Indonesia, representative offices of the foreign countries and international organizations, mineral and coal mining activities, oil and gas and other non-agricultural activities.</p> | <p>THP:</p> <ul style="list-style-type: none"> • Indonesian individuals; • Indonesian legal entities, including PMA Companies; • Foreign legal entities having a representative in Indonesia; • Religious and social bodies; and • Foreign individuals. <p>UHP:</p> <ul style="list-style-type: none"> • Central government institutions; • Local governments; • Village governments; and • Representatives of foreign countries and |

| | | |
|--|---|--|
| | | international organizations. |
| Right to Cultivate (<i>Hak Guna Usaha</i> or HGU) | <p>Agricultural, livestock, and fishery/aquaculture business activities. The agricultural activities include plantation business, food crops and/or horticultural crops.</p> <p>HGU land can be used for emplacements, factory buildings, warehouses, temporary employee residences and other buildings that support the above business activities.</p> | <ul style="list-style-type: none"> • Indonesian individuals; and • Indonesian legal entities, including PMA Companies. |
| Right to Manage (<i>Hak Pengelolaan</i> or HPL) | <p>The permitted activities depend on the decree granting the HPL. The HPL holder may use the land by itself or in collaboration with a third party. If the land is used in collaboration with a third party, the permitted activities will be subject to the agreement between the HPL holder and the third party.</p> | <ul style="list-style-type: none"> • Central government institutions; • Regional governments; • Land bank agency; • State-Owned Companies (BUMN) / Region-Owned Companies (BUMD); • Legal entities owned by the state/region; or • Legal entities appointed by the central government. |

139. Should the PMA Company decide to acquire the land by way of purchasing it, the land title will be transferred to the PMA Company. However, PMA Company can only acquire land under the land title in which they are eligible to hold (e.g., the HGB land).
140. The transfer of HGB must be done by way of executing an AJB by the landowner as the seller and the PMA Company as the purchaser before a PPAT having jurisdiction over the relevant land.
141. AJB must generally be made in a prescribed form as set by the relevant MOAA regulation, with little room for deviation and additional provisions depending on the flexibility of the relevant PPAT and the relevant Land Office. In practice, any additional contractual arrangement with respect to the sale of the land will be included in a separate agreement (such as in the conditional sale and purchase agreement, which is executed prior to the execution of AJB).
142. For the land sale and purchase transaction, the seller will be imposed with PPh, generally at the rate of 2.5% of the transaction value, and the purchaser will be imposed with BPHTB, generally at the rate of 5% (which is the maximum rate) of the transaction value or the NJOP, whichever is higher.
143. Pursuant to Law 1/2022, the PMA Company that acts as purchaser of the land will be subject to imposition of BPHTB. The BPHTB tariff is maximum 5% which will be further determined under the relevant regional government regulations.

144. The PPAT will ensure that PPh and BPHTB have been fully paid by the seller and the purchaser, respectively, and the payment have been validated, typically prior to the execution of the AJB. The PPAT will also verify whether the landowner has any outstanding PBB regarding the land that will be sold.
145. In practice, PMA Companies may have the intention to purchase land title which they are not eligible to hold. For instance, PMA Company wishes to acquire HM land owned by an individual. In this case, the PMA Company could not acquire HM land by way of AJB. With reference to MOAA Reg. 5/2025, the acquisition of HM land by PMA Company will need to be conducted through the land title relinquishment mechanism.
146. The land title relinquishment is conducted through the execution of APH by the landowner and the PMA Company before a Notary. As a 'payment' of the land, the PMA Company as the 'purchaser' will be required to pay an agreed amount of compensation fee to the landowner. Following the execution of APH, the land title relinquishment will be registered to the relevant land office and the PMA Company as the 'purchaser' will be entitled to apply for a new HGB over the previously HM land which has been relinquished by the original landowner.
147. Both the transfer of title (*balik nama*) (as the result of AJB) and the new HGB application (as the result of APH) must be registered to the relevant land office where the land is located and recorded in the respective land certificate. The registration to the land office, which includes the submission of administrative documents (e.g., payment evidence of the relevant taxes and duties) and payment of PNBP, is commonly assisted by the relevant PPAT / Notary.
148. After the registration is submitted and PNBP has been paid, the physical and administrative/legal data will be audited by the land office. If the data are accurate and complete, the land office will approve the title transfer registration or grant the new HGB to the PMA Company, as applicable.
149. As an alternative to land acquisition, the PMA Company can lease the land and/or building for its business activities. It is a relatively straightforward way to secure rights to utilize a land and/or building without directly owning land title over such land. There are no tax and levy payable by the PMA Company under this arrangement except for 11% VAT of the lease price. However, the lease arrangement comes with several limitations, among others, as follows:
 - (i) The PMA Company as the lessee will not obtain any ownership over the land (therefore, will not be able to secure the land by way of mortgage) and will only have the right to use the land for certain period as agreed in the lease agreement;
 - (ii) The utilization of and development on the leased land will be dependent on and may be restricted to the lease terms and the type of land title being leased; and
 - (iii) Since the lessee does not have any ownership rights, there may be risks associated with the lack of control and issues with lessor's ownership over the land (e.g., if the land becomes an object of dispute with a third party, if the land title is revoked / annulled, etc.).
150. For lease arrangement, such as lease of a vacant land in which the lessee will construct a building on such land, questions may arise in terms of the ownership status of the building constructed on the leased land. In this regard, Indonesian agrarian law recognizes the concept known as the horizontal separation principle, which allow a plot of land and building constructed on it to be owned by different parties. Therefore, it is legally possible for the PMA Company to own a building constructed on the leased land without holding any title on the land.

In practice, it is highly suggested for the landlord and the building owner to make an agreement to emphasize the separation of ownership between the land and the building. Further, notwithstanding the execution of the foregoing agreement, the building owner is highly encouraged to obtain the evidence of ownership of the building, namely SBKBG.

Important Note

This memorandum has been prepared solely as a general reference and guidance material for internal discussion purposes. It does not constitute, and should not be construed or relied upon as, legal advice in relation to any specific transaction, matter or factual circumstances.

The analysis set out in this memorandum is based on the laws, regulations and publicly available guidance of the Republic of Indonesia in force as of the date of this memorandum. As Indonesian laws, regulations, regulatory practices and official interpretations may change from time to time, the contents of this memorandum may become outdated and should therefore be reviewed and updated periodically. This memorandum does not take into account the specific facts, commercial considerations or circumstances of any particular transaction. Accordingly, each transaction should be assessed on its own facts, and separate legal advice should be obtained before any action or decision is taken in reliance upon this memorandum.

Nothing in this memorandum should be regarded as creating any legal opinion, representation or assurance as to the outcome of any particular matter or as to the interpretation or application of any applicable law by any governmental authority or court.

**ANNEX I
LIST OF ABBREVIATIONS**

| | | |
|-------------------------------------|---|---|
| AOA | : | Articles of Association, including any and all amendments |
| AGMS | : | Annual General Meeting of Shareholders |
| AHU-Online | : | Online Public Law Administration (<i>Administrasi Hukum Umum – Online</i>) |
| AJB | : | Deed of Sale and Purchase (<i>Akta Jual Beli</i>) |
| AMDAL | : | Environmental Impact Analysis Documents (<i>Analisis Masalah Dampak Lingkungan</i>) |
| APH | : | Deed of Title Relinquishment (<i>Akta Pelepasan Hak</i>) |
| API | : | Importer Identification Number (<i>Angka Pengenal Importir</i>) |
| B3 | : | Hazardous and toxic materials (<i>Bahan Berbahaya dan Beracun</i>) |
| BI | : | Bank Indonesia |
| BKPM | | Ministry of Investment and Downstream Industry / Investment Coordinating Board |
| BKPM Reg 5/2025 | : | Minister of Investment and Downstream Industry / Head of BKPM Regulation No. 5 of 2025 on Guidelines and Procedures for Risk-Based Business Licensing and Investment Facilities through the RBA OSS system |
| BOC | : | Board of Commissioners |
| BOD | : | Board of Directors |
| BPHTB | : | Land and Building Rights Acquisition Duty (<i>Bea Perolehan Hak atas Tanah dan Bangunan</i>) |
| BPJS | : | Social Security Administrator Agency (<i>Badan Penyelenggara Jaminan Sosial</i>) |
| BUMD | : | Region Owned Companies (<i>Badan Usaha Milik Daerah</i>) |
| BUMN | : | State Owned Companies (<i>Badan Usaha Milik Negara</i>) |
| CLA | : | Collective Labor Agreement |
| Company Law | : | Law No. 40 of 2007 on Limited Liability Company, as amended |
| DGT | : | Directorate General of Tax |
| DKP-TKA | : | Compensation Fund for Utilization of Expatriate (<i>Dana Kompensasi Penggunaan Tenaga Kerja Asing</i>) |
| DOE | : | Deed of Establishment |
| Environmental Law | : | Law No. 32 of 2009 on Protection and Management of the Environment as lastly amended by the Job Creation Law |
| FDI | | Foreign Direct Investment |
| Foreign Exchange Regulations | : | <ol style="list-style-type: none"> 1. Law No. 24 of 1999 on Foreign Exchange Flow and Exchange Rate System as amended by Law No. 1 of 2026 on Criminal Adjustments (“Law 24/1999”). 2. Bank Indonesia Regulation No. 6 of 2024 on Money Market and Foreign Exchange Market (“PBI 6/2024”). 3. Bank Indonesia Regulation No. 9 of 2024 on Management of Foreign Exchange Flows (“PBI 9/2024”). 4. Bank Indonesia Regulation No. 16/22/PBI/2014 on the Reporting of Foreign Exchange Activities and of Prudential Principles in relation to Offshore Loan Management for Non-Bank Corporations (“PBI”). |

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| | | <p>16/22/2014”), as partly revoked by Bank Indonesia Regulation No. 21/2/PBI/2019 on the Reporting of Foreign Exchange Traffic Activities (“PBI 21/2/2019”).</p> <p>5. Bank Indonesia Regulation No. 16/21/PBI/2014 on the Implementation of Prudence Principles in Managing Offshore Loan of Non-Bank Corporation as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 (“PBI 16/21/2014”).</p> <p>6. Members of the Board of Governors Regulation No. 11 of 2024 on Foreign Exchange Market Transactions, as lastly amended by Members of the Board of Governors Regulation No. 7 of 2026 (“PADG 11/2024”).</p> <p>(Law 24/1999, PBI 6/2024, PBI 9/2024, PBI 21/2/2019 and PADG 11/2024 shall be collectively referred to as the “Foreign Exchange Regulations”).</p> |
| GMS | : | General Meeting of Shareholders |
| GR 50/2012 | : | Government Regulation No. 50 of 2012 on the Policy of Management System of Work, Health and Safety |
| GR 31/2013 | : | Government Regulation No. 31 of 2013 on the Implementing Regulation of the Immigration Law |
| GR 34/2021 | : | Government Regulation No. 34 of 2021 on Utilization of Expatriates |
| GR 35/2021 | : | Government Regulation No. 35 of 2021 on Temporary Employment Agreement, Outsourcing, Working Hours and Breaks and Termination of Employment Relationships |
| GR 36/2021 | : | Government Regulation No. 36 of 2021 on Wages, as lastly amended by Government Regulation No. 49 of 2025 |
| GR 5/2021 | : | Government Regulation No. 5 of 2021 on Implementation of Risk-Based Business Licensing |
| GR 28/2025 | : | Government Regulation 28 of 2025 on the Organization of Risk-Based Business Licensing |
| Guidelines | | MOM Decree No. 88 of 2023 on Guidelines for the Prevention and Handling of Sexual Harassment in the Workplace |
| HGB | : | Right to Build (<i>Hak Guna Bangunan</i>) |
| HGU | : | Right to Cultivate (<i>Hak Guna Usaha</i>) |
| HM | : | Right of Ownership (<i>Hak Milik</i>) |
| HP | : | Right to Use (<i>Hak Pakai</i>) |
| HPL | : | Right to Manage (<i>Hak Pengelolaan</i>) |
| IDR | : | Indonesian Rupiah |
| IMB | : | Building Permit (<i>Izin Mendirikan Bangunan</i>) |
| Immigration Law | : | Law No. 6 of 2011 on Immigration, as amended |
| Investment Law | : | Law No 25 of 2007 on Investment as amended |
| ITAS | : | Limited-Stay Permit (<i>Izin Tinggal Terbatas</i>) |
| Job Creation Law | : | Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation, which has been enacted as a Law under Law No. 6 of 2023 |
| JVCo | : | Newly-established Foreign Investment Company |

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| KBLI | : | <i>Klasifikasi Baku Lapangan Usaha Industri</i> (Indonesian Standard Industrial Classification) |
| KKPR | : | <i>Kesesuaian Kegiatan Pemanfaatan Ruang</i> (Conformity of Land Use Proposal with Spatial Plan) |
| KKKPR | : | <i>Konfirmasi Kesesuaian Kegiatan Pemanfaatan Ruang</i> (Statement on Conformity of Land use Proposal with Spatial Plan) |
| Language Law | : | Law No. 24 of 2009 on the National Flag, Language and Emblem, and National Anthem, and Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language |
| Law 1/1970 | : | Law No. 1 of 1970 on Occupational Health and Safety |
| Law 1/2022 | : | Law No. 1 of 2022 on the Financial Relations between the Central Government and Regional Governments |
| Law 21/2000 | : | Law No. 21 of 2000 on Labor Unions, as amended by Law No. 1 of 2026 |
| Law 4/2023 | : | Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector as amended by Law No. 1 of 2026. |
| Law 24/2011 | : | Law No. 24 of 2011 on the Social Security Administrator Agency |
| Manpower Law | : | Law No. 13 of 2003 on Manpower, as amended by the Job Creation Law |
| META | : | Mutual Employment Termination Agreement |
| MOAA | : | Minister of Agrarian Affairs and Spatial Planning / Head of National Land Agency |
| MOA Reg. 13/2021 | : | MOAA Regulation No. 13 of 2021 on Implementation of Spatial Utilization Activities and Synchronization of Spatial Utilization Program |
| MOAA Reg. 5/2025 | : | MOAA Regulation No. 5 of 2025 on Delegation of Authority for the Granting of Land Rights and Land Registration Activities |
| MOF | : | Ministry of Finance |
| MOF Decree KEP-261/1973 | : | Minister of Finance Decree No. KEP-261/MK/IV/5/1973, as amended by Minister of Finance Decree No. 417/KMK.013/1989 and partly revoked by Minister of Finance Decree No. 279/KMK.01/1991 |
| MOL | : | Ministry of Law (or formerly known as the Ministry of Law and Human Rights) |
| MOM | : | Minister of Manpower |
| MOM Reg. 26/2014 | : | MOM Regulation No. 26 of 2014 on the Implementation of SMK3 Implementation Assessment |
| MOM Reg. 28/2014 | : | Minister of Manpower Regulation No. 28 of 2014 on the Procedures for the Drafting and Ratification of Employee Handbook and the Drafting and Registration of Collective Labor Agreements |
| MOM Reg. 8/2021 | : | MOM Regulation No. 8 of 2021 on the Implementing Regulation of GR 34/2021 |
| MOIC | : | Ministry of Immigration and Corrections |
| NJOP | : | Taxable Object Sale Value (<i>Nilai Jual Objek Pajak</i>) |
| NIB | : | <i>Nomor Induk Berusaha</i> , Single Identity Number |
| NIK | : | <i>Nomor Induk Kepabeanan</i> , Customs Identification Number |

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| Notary | : | The Notary appointed to assist in the establishment of JVCo |
| NPWP | : | <i>Nomor Pokok Wajib Pajak</i> , Taxpayer Identification Number |
| OJK Reg 8/2023 | : | Financial Services Authority Regulation No. 8 of 2023 on the Application of Anti-Money-Laundering and Prevention of Terrorism and Proliferation of Weapons of Mass Destruction Funding Programs Within the Financial Services Sector |
| PADG 21/4/2019 | : | Members of Board of Governors Regulation No. 21/4/PADG/2019 of 2019 on Reporting of Foreign Exchange Flow Activities in the form of Offshore Loans and Risk-Participation Transactions, as amended by the Members of Board of Governors Regulation No. 23/28/PADG/2021 of 2021 |
| PBB | : | Land and Building Tax (<i>Pajak Bumi dan Bangunan</i>) |
| PBG | : | Building Approval (<i>Persetujuan Bangunan Gedung</i>) |
| PBI 17/2015 | : | Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Republic of Indonesia dated 31 March 2015 |
| PBUMKU | : | Business Licensing to Support Business Activities (<i>Perizinan Berusaha Untuk Menunjang Kegiatan Usaha</i>) |
| PKKPR | : | <i>Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang</i> (Approval of the Statement on Conformity of Land Use Proposal with Spatial Plan) |
| PKWT | : | Definite-Term Employment Agreement (<i>Perjanjian Kerja Waktu Tertentu</i>) |
| PKWTT | : | Indefinite-Term Employment Agreement (<i>Perjanjian Kerja Waktu Tidak Tertentu</i>) |
| PIC | : | Person-In-Charge |
| PMA | : | Foreign Investment (<i>Penanaman Modal Asing</i>) |
| PNBP | : | Non-Tax State Revenues (<i>Penerimaan Negara Bukan Pajak</i>) |
| POA | : | Power of Attorney |
| PPh | : | Income Tax (<i>Pajak Penghasilan</i>) |
| Polygon Map | : | Geometry map describing spatial geographic information on boundaries making up an areas. |
| PPAT | : | Land Deed Conveyancer (<i>Pejabat Pembuat Akta Tanah</i>) |
| PR 10/2021 | : | Presidential Regulation No. 10 of 2021 on Business Fields for Investment, as amended by Presidential Regulation No. 49 of 2021 |
| RBA | : | Risk-Based Assessment |
| RBA OSS System | : | One Single Submission System, administered and maintained by the Ministry of Investment/ BKPM |
| RDTR | : | Detailed Spatial Plan |
| RPTKA | : | Expatriate Utilization Plan (<i>Rencana Penggunaan Tenaga Kerja Asing</i>) |
| RTRW | : | Spatial and Regional Plan (<i>Rencana Tata Ruang dan Wilayah</i>) |
| SBKBG | : | Building Ownership Certificate (<i>Surat Bukti Kepemilikan Bangunan Gedung</i>) |
| SEBI 17/11/DKSP | : | Bank Indonesia Circular Letter No. 17/11/DKSP on Mandatory Use of Rupiah within the Republic of Indonesia dated 1 June 2015 |
| SEMA 3/2015 | : | Supreme Court Circulation Letter No. 3 of 2015 |

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| Shareholders | : | Shareholders that have equity/shares participation in JVCo |
| SHP Format | : | Shapefile format |
| SIMBG | : | Building Management Information System (<i>Sistem Informasi Manajemen Bangunan Gedung</i>) |
| SKPD | : | Head of the Regional Work Unit (<i>Satuan Kerja Perangkat Daerah</i>) |
| SKT | : | Taxpayer Registration Certificate |
| SLF | : | Function Worthiness Certificate for Building (<i>Sertifikat Laik Fungsi</i>) |
| SMK3 | : | Policy of Management System of Work, Health and Safety (<i>Sistem Manajemen Keselamatan dan Kesehatan Kerja</i>) |
| SPPL | : | Written Statement on Environmental Management (<i>Surat Pernyataan Pengelolaan Lingkungan Hidup</i>) |
| Standards Certificate | : | Certificate issued by the Central or Regional Government (in accordance with their respective authority) to verify the JVCo's compliance with specified business standards. |
| THP | : | Time-limited HP |
| UHP | : | Usage-based HP |
| UKL-UPL | : | Environmental Management and Monitoring Efforts Report (<i>Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup</i>) |
| VAT | : | Value Added Tax |
| VITAS | : | Limited-Stay Visa (<i>Visa Tinggal Terbatas</i>) |
| WLKP | : | Mandatory Manpower Report (<i>Wajib Laporan Ketenagakerjaan di Perusahaan</i>) |