

November 2025

GUIDELINES AND PROCEDURES FOR BUSINESS LICENSING IN THE OSS SYSTEM

Overview

In June 2025, the Government of Indonesia enacted Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing (“GR 28/2025”) ([see our regulatory update on GR 28/2025](#)). As a follow-up, in October 2025, the Minister of Investment and Downstream Industry (who also heads the Indonesia Investment Coordinating Board, “BKPM”) issued BKPM Regulation No. 5 of 2025 on Guidelines and Procedures for the Implementation of Risk-Based Business Licensing and Investment Facilities through the Electronically Integrated Business Licensing System (Online Single Submission) (“BKPM Regulation 5/2025”).

BKPM Regulation 5/2025 introduces new guidelines governing business licensing and investment facility procedures through the Online Single Submission System (“OSS System”) and consolidates and revokes prior BKPM regulations from 2021.

Key Provisions

- **Stages in Business Activities:** Business activities are divided into two stages: (i) business commencement, which includes fulfillment of business legality, fulfillment of Basic Requirements, including Conformity of Spatial Utilization Activity (*Kesesuaian Kegiatan Pemanfaatan Ruang* or “KKPR”) and environmental approval for business activities that do not require Environmental Impact Analysis (“AMDAL”) or Environmental Management Efforts and Environmental Monitoring Efforts (“UKL-UPL”), and acquisition or submission of business licensing based on the type of business activity; and (ii) business operation, which covers preparation, as well as operational and/or commercial activities.
- **NIB:** Each business entity is permitted only one Business Identification Number (“NIB”), which serves as its identity and/or business legality.
- **Conversion of API-U to API-P:** In line with Regulation of the Minister of Trade No. 16 of 2025 on Import Policies and Regulations, BKPM Regulation 5/2025 allows the conversion of a General Import Identification Number (“API-U”) to a Producer Import Identification Number (“API-P”), but not *vice versa*.
- **Minimum Issued and Paid-up Capital:** The minimum issued and paid-up capital for a foreign investment (“PMA”) company is Rp2.5 billion (previously Rp10 billion). The issued and paid-up capital must remain in the company’s account for at least 12 months, except for the purposes of asset purchase, building construction, and/or company operations.
- **Minimum Investment Value:** A PMA company is still required to have a minimum investment value of more than Rp10 billion for each business activity at each project location. For food and beverage business activities, the project location covers an entire regency or city, while for construction and operation of public electric vehicle charging stations business activities, the project location covers an entire province.
- **Supporting Business Activities:** BKPM Regulation 5/2025 clarifies the criteria for supporting business activities, namely

that they, among other things, must support the main business activity and may generate income. If a supporting business activity does generate income, the company must include it in its articles of association and comply with the applicable minimum investment value requirements.

- **Estimated Period for the Commencement of Operation and/or Commercial Activities:** Business actors are required to submit the estimated period for the commencement of operation and/or commercial activities through the OSS System. This period covers the time needed for preparation, construction, and operational and/or commercial activities, and serves as a reference for the government in monitoring business readiness and compliance with licensing requirements. The reference periods for each business sector are set out in BKPM Regulation 5/2025.
- **Procedures and Timelines for Basic Requirements:** BKPM Regulation 5/2025 provides more detailed procedures and timelines for the issuance of each Basic Requirement, including KKPR, Environmental Approval, as well as Building Approval (PBG) and Certificate of Proper Function (SLF).
- **Ease of Basic Requirements:** BKPM Regulation 5/2025 provides certain facilitations for Basic Requirements under specific conditions. For example: (i) for trading or services activities that do not require building construction and are located within a shared commercial or service complex, such as a shopping center or office building where the owner already holds Basic Requirements, business actors may directly proceed with their business license application; and (ii) a KKPR is not required for business

activities that constitute an addition, capacity increase, or an integral part of existing business activities.

- **Environmental Approval:** An Environmental Approval may be granted in the forms of: (i) an Environmental Management and Monitoring Capability Statement Letter (SPPL) for business activities that do not require an AMDAL or UKL-UPL; (ii) an environmental management capability statement approval for business activities that require a UKL-UPL; or (iii) an environmental feasibility decree for business activities that require an AMDAL. Before applying for an Environmental Approval, all business actors must conduct a pre-screening to determine the type of environmental approvals required and whether any technical approvals are also required.
- **Divestment Obligations:** Share divestment may be carried out to Indonesian citizens or wholly Indonesian-owned business entities through direct ownership, in accordance with the parties' agreement and/or through the domestic capital market. The minimum direct ownership for Indonesian citizens or business entities is Rp10 million for each shareholder, while divestment through the capital market is subject to the relevant capital market regulations.
- **LKPM Submission:** The deadlines for submitting the Investment Activities Report (*Laporan Kegiatan Penanaman Modal* or "LKPM") have been amended, as follows: (i) for small business entities, 15 July for the first semester and 15 January for the second semester; and (ii) for medium and large business entities, 15 April for the first quarter, 15 July for the second quarter, 15 October for the third quarter, and 15 January for the fourth quarter. Micro business entities and

business entities which are financed by the state or regional revenue and expenditure budget (APBN or APBD) are exempted from the LKPM submission obligation.

- **LKPM Non-Compliance:** Business actors may be subject to administrative sanctions if they: (i) fail to submit the LKPM for two consecutive periods; (ii) submit their initial LKPM without any additional investment realization value for four consecutive periods; or (iii) submit the LKPM for the preparation stage without any additional investment

realization value for four consecutive periods.

Closing

BKPM Regulation 5/2025 sets out detailed technical provisions for the OSS System-based business licensing process, implicating the authority of multiple government institutions. Therefore, harmonization of regulations and effective inter-agency coordination are essential to align this BKPM regulation with other applicable regulations, and to ensure the OSS System functions optimally as a central integrated licensing system.

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