Danantara Indonesia

Entering the Indonesian Market
A Legal and Investment Guide

BRI
Bank Rakyat Indonesia

KEMENTERIAN INVESTASI DAN HILIRISASI/BKPM

Connecting the World to Indonesia :

Mobilizing Global Investment and Empowering Local Economies



Satu Bank Untuk Semua

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FOREWORD FROM

Vice Minister of Investment and Downstream Industry Vice Chairman of the Indonesia Investment Coordinating Board (BKPM) Republic of Indonesia



Indonesia is entering a decisive phase in its journey toward becoming a high income and globally competitive in economic transformation. Our ambition is not simply to attract capital, but to mobilize quality investment that strengthens national competitiveness, creates productive employment, advances technology transfer, and delivers shared prosperity across the archipelago.

Investment is one of a central engines of Indonesia's growth agenda. Through stronger industrial capacity, downstream value creation, infrastructure development, food and energy security, and participation in global supply chains, Indonesia seeks to build a more resilient, inclusive, and innovation-driven economy. Our scale, strategic location, young workforce, natural endowments, and expanding consumer market provide a strong foundation both short and especially long-term investment.

Indonesia's investment strategy is closely aligned with our long-term national development agenda. Beyond economic growth, we seek investment that strengthens industrial resilience, enhances productivity, accelerates digital transformation, promotes innovation, and improves the quality of life of all Indonesians. In particular, we are commited to advancing downstream industrialization, strengthening domestic value chains, and fostering a more sustainable and innovation-driven economy that generates lasting value for future generations.

The Government is committed to translating these structural advantages into bankable, investable, and executable opportunities. The Ministry of Investment and Downstream Industry/BKPM continues to improve regulatory certainty, streamline business licensing, coordinate across national and regional institutions, and facilitate projects from initial commitment through commercial operation. Investment policy must ultimately be measured not by approvals announced, but by projects realized and benefits delivered.

Our priority is to develop partnerships that connect international capital, technology, innovation, and expertise with domestic industries, enterprises, talent, and communities. We welcome investors that contribute to value-added production, sustainable infrastructure, the green economy, advanced manufacturing, digital transformation, healthcare, education, and other sectors essential to Indonesia's future.

Entering the Indonesian Market: A Legal and Investment Guide supports this objective by providing practical insight into Indonesia's legal, financial, regulatory, and operational environment. It is designed to help investors make informed decisions, manage risks, and navigate the investment journey with greater confidence.

We appreciate PT Bank Rakyat Indonesia (Persero) Tbk and Assegaf Hamzah & Partners for contributing their financial and legal expertise to this publication.

Indonesia is open for partnership. We invite investors to participate in our transformation and build enduring value for their businesses, Indonesia, and future generations through responsible, sustainable, and mutually beneficial investment partnerships.

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Todotua Pasaribu
Vice Minister of Investment and Downstream Industry
Vice Chairman of the Indonesia Investment Coordinating Board (BKPM) Republic of Indonesia

FOREWORD FROM

Director of Corporate Banking of BRI



For global investors, Indonesia's long-term opportunity remains compelling. The real question is how to enter, operate, and grow in the market with greater clarity, confidence, and the right local partner.

Indonesia continues to strengthen its position as one of Asia's most attractive destinations for long-term investment, supported by resilient economic fundamentals, a large domestic market, abundant resources, competitive human capital, and ongoing efforts to improve investment facilitation. This momentum is reflected in national priority sectors such as new and renewable energy, industrial downstreaming, food security, healthcare, education, digital economy and data centers, semiconductor and electronics ecosystems, export-oriented manufacturing, and the development of Nusantara Capital City.

At the same time, successful market entry requires more than identifying the right opportunity. Investors need practical clarity on how to establish, operate, and expand their business in Indonesia. This includes understanding licensing requirements, legal and regulatory frameworks, banking arrangements, land matters, employment, taxation, contracting, local partnerships, and sector-specific considerations. Most importantly, investors need a trusted local partner that understands both global investor expectations and the realities of doing business across Indonesia.

It is within this context that BRI presents Entering the Indonesian Market: A Legal and Investment Guide. This guidebook is designed to help investors move from interest to informed action by providing practical and commercially relevant guidance on key aspects of doing business in Indonesia.

As one of Indonesia's largest financial groups, BRI Group is committed to serving as a trusted gateway to Indonesia's real economy. With 18 regional offices, more than 7,300 outlets, over 1.2 million BRILink Agents, more than 700,000 e-channels, and presence across more than 60,000 villages, BRI has one of the deepest and broadest networks in the country. Internationally, BRI is supported by representative banks, offshore branches, and more than 1,200 correspondent banks, enabling us to connect global investors with Indonesia's financial, business, and local ecosystems.

For foreign investors and PMA companies, BRI Group provides integrated financial solutions across the investment journey, including corporate accounts, cash management, trade finance, capital injection support, payroll, tax payments, digital transaction services, and connectivity with local partners, suppliers, buyers, communities, and government stakeholders. Through our subsidiaries and broader group ecosystem, we serve a wide spectrum of financial needs, from ultra-micro and MSME segments to large corporations and global businesses.

This is the spirit of "One Bank for All": supporting every layer of the economy and every ambition across Indonesia. We believe that high-quality investment should generate commercial value while strengthening local enterprises, expanding employment, promoting knowledge transfer, and contributing to sustainable national development.

Through the One BRI Solution commitment, we integrate the entire financial services ecosystem to provide seamless access for customers across various sectors. This synergy ensures that every solution we deliver not only addresses current financial needs but also serves as a driving force for sustainable business growth from end to end.

We invite global investors to use this guidebook as a starting point to better understand Indonesia, navigate its business landscape, and capture its long-term opportunities. BRI Group stands ready to help turn market potential into execution, and investment into sustainable impact for Indonesia and beyond.

Riko Tasmaya
Director of Corporate Banking

Danantara Indonesia

INDONESIA AT A GLANCE



Capital City
Jakarta

Currency
Rupiah (IDR)

Government
An Independent Republic, with President as the Head of State

Population
Over 280 million, making it the 4th most populous country in the world

Geographic Location
Located in Southeast Asia and consisting of over 17,000 islands

ECONOMIC LANDSCAPE

Indonesia is one of the world's leading destinations for Foreign Direct Investment (FDI). It currently ranks among the top global host economies for FDI, positioned approximately 14th worldwide and 2nd in Southeast Asia, reflecting sustained investor confidence in its long-term economic fundamentals.[1]

Indonesia ranks 12th in the 2025 Kearney FDI Confidence Index for Emerging Markets, indicating steady investor interest amid regional competition. It is positioned above key Southeast Asian peers such as the Philippines (16th) and Vietnam (19th).

The factors driving investment into Indonesia differ from those in other emerging markets. Surveys and investment data indicate that Indonesia is particularly attractive to foreign investors due to:

- its large and increasingly skilled labour pool, which remains competitively priced; and
- its abundant natural resources, which support a wide range of industrial and downstream activities.

These structural advantages are reinforced by Indonesia's large domestic market, strategic geographic location, and continued policy reforms aimed at improving the investment climate.

[1] UNCTAD, World Investment Report, 2025

EMERGING INVESTMENT OPPORTUNITIES IN INDONESIA

For the period 2025–2029, the Indonesian Government has articulated an investment policy focused on nine strategic priority sectors with the greatest potential to drive sustainable economic growth, industrialisation, and value creation.

1. New and Renewable Energy



Indonesia has one of the world's largest renewable energy endowments, with total estimated potential of approximately 3,700 GW, including solar, wind, hydro, geothermal, tidal, and bioenergy resources. Current installed capacity remains a small fraction of this potential, highlighting significant opportunities for investment in generation, grid integration, and supporting infrastructure.

2. Industrial Downstreaming



The government continues to prioritise downstream processing of strategic commodities to increase domestic value-added, reduce reliance on raw material exports, and strengthen Indonesia's position in global supply chains.

3. Food (Agriculture and Food Industry)



With a population of approximately 280 million, Indonesia represents one of the largest consumer markets globally. The food sector benefits from strong domestic demand, a growing middle class, and ongoing government-supported projects in areas such as rice estates, sugar production, and bioethanol development, particularly in eastern Indonesia.

4. Health (Pharmaceuticals, Medical Devices, and Healthcare Services)



Healthcare expenditure in Indonesia continues to grow in both absolute terms and as a share of GDP. Investment opportunities exist across pharmaceuticals, medical devices, healthcare facilities, and supporting services. Indonesia also aims to reduce reliance on imports of active pharmaceutical ingredients and medical equipment. A dedicated healthcare Special Economic Zone or SEZ in Bali is being developed to support world class healthcare services and medical tourism.

5. Education (Higher Education and Vocational Training)



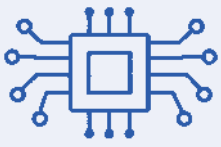
Human capital development remains a national priority. Indonesia is encouraging foreign participation in higher education and vocational training through various models, including branch campuses, partnerships, and joint programmes. Incentives include super tax deductions for investment in vocational and training activities, as well as education-focused Special Economic Zones (SEZs) in selected regions.

6. Digital Economy and Data Centers



Indonesia's digital economy is the largest in Southeast Asia and continues to expand rapidly. Growth is supported by a large, young population, rising digital adoption, and increasing demand for cloud and data infrastructure. Data center capacity is expanding, but remains below estimated long-term potential.

7. Semiconductor and Electronics Ecosystem



Indonesia is positioning itself to develop a broader semiconductor ecosystem, spanning upstream mineral resources, materials processing, wafer manufacturing, and downstream electronics and automotive applications. Domestic demand from manufacturing and electric vehicle supply chains underpins this strategy.

8. Export-Oriented Manufacturing



Indonesia aims to strengthen its role as a regional manufacturing hub, supported by abundant resources, competitive labour, improving infrastructure, and preferential market access under various free trade agreements. Export-oriented industries remain a core focus for foreign investment.

9. Nusantara Capital City (IKN)



The development of Nusantara, Indonesia's new capital city, presents a wide range of investment opportunities across housing, commercial development, education, transport, healthcare, telecommunications, renewable energy, hospitality, and tourism. The government offers extensive incentives, including long term tax facilities and land use rights, to support investment in IKN.



POLICY EMPHASIS ON DOWNSTREAMING

Indonesia's investment framework places strong emphasis on downstreaming (*hilirisasi*) — the policy of moving beyond raw material extraction toward higher-value processing and manufacturing. This policy is reflected in the Priority Investment List and in the design of incentives and licensing frameworks.

Downstreaming is particularly relevant for investors in natural resources, manufacturing, and strategic supply chains, where incentive eligibility and licensing expectations may align with national industrialisation objectives. The policy focus is especially visible in sectors such as mining, minerals processing, energy, agriculture, fisheries, and plantations.

Manufacturing industries, including metals, batteries, petrochemicals, food processing, and automotive components, play a central role in downstreaming efforts, as they support the creation of domestic value chains and reduce reliance on imported intermediate goods.

To support this agenda, the government has prepared a Strategic Downstreaming Investment Roadmap covering 28 commodities across eight priority sectors (including minerals, coal, oil, gas, plantations, marine, fisheries, and forestry). The roadmap is expected to generate substantial investment, employment, export value, and long term contributions to GDP.

Map of Downstream Industry Investment Potentials Across Indonesia

Requires Synergy Between Central and Local Goverment to Optimize it Potentials



ESG CONSIDERATIONS

Environmental, Social, and Governance (ESG) considerations are increasingly integrated into business and investment practices in Indonesia. Investors face growing expectations around environmental management, responsible labour practices, community engagement, and transparent corporate governance.

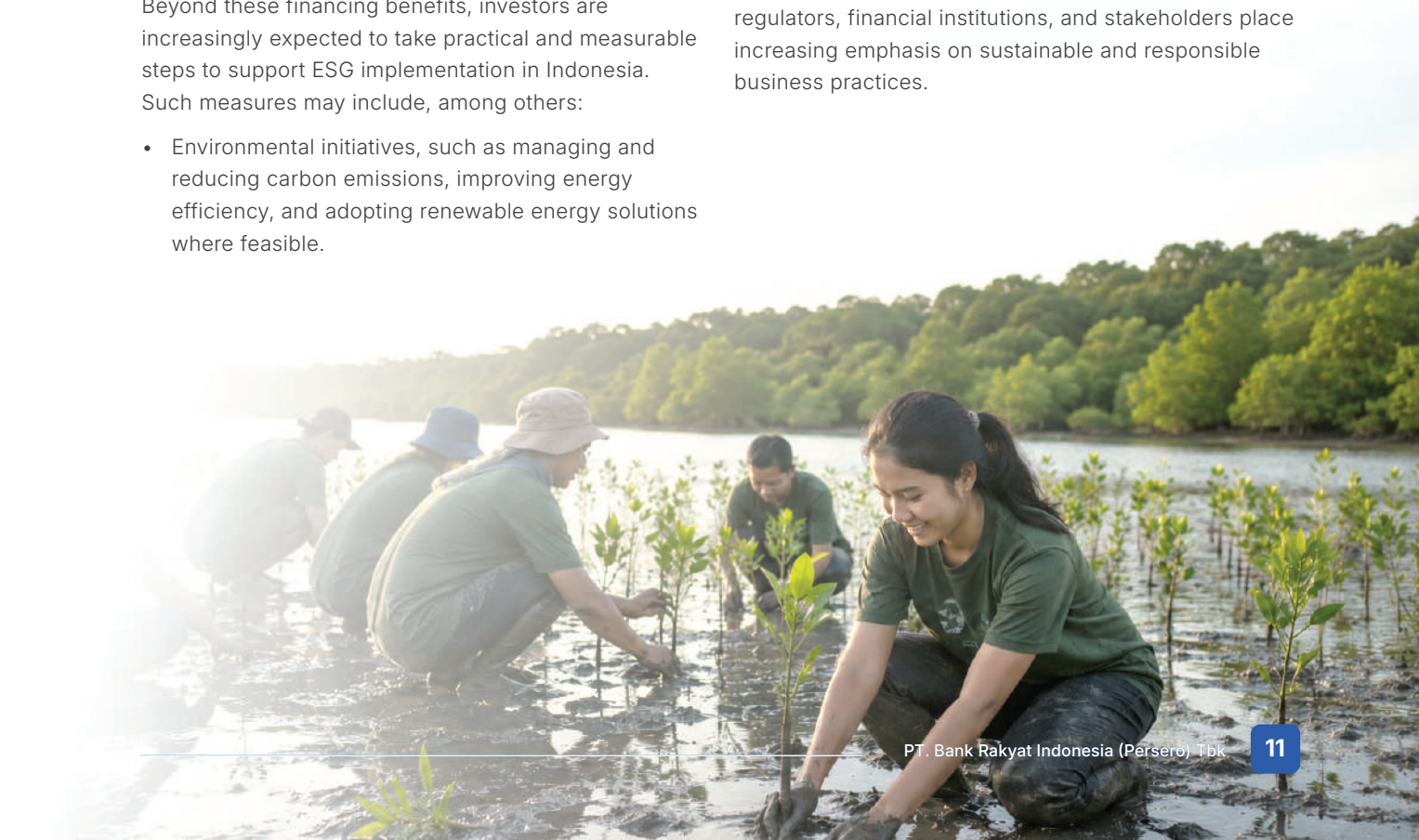
Environmental, Social, and Governance (ESG) considerations are increasingly integrated into business and investment practices in Indonesia. Investors face growing expectations around environmental management, responsible labour practices, community engagement, and transparent corporate governance.

At the same time, ESG-aligned projects may benefit from improved access to sustainability-linked financing, including green bonds and sustainability-linked loans, which can offer more favourable terms for projects meeting defined sustainability targets.

Beyond these financing benefits, investors are increasingly expected to take practical and measurable steps to support ESG implementation in Indonesia. Such measures may include, among others:

- Environmental initiatives, such as managing and reducing carbon emissions, improving energy efficiency, and adopting renewable energy solutions where feasible.
- Governance and transparency measures, including the preparation of sustainability or ESG reports and the integration of ESG considerations into internal policies, risk management, and decision-making processes.
- Capital allocation toward ESG-related activities, such as environmentally sustainable projects, workforce development, occupational health and safety programmes, and community engagement initiatives.

As a result, ESG considerations are becoming both a compliance expectation and a strategic opportunity for investors operating in Indonesia, particularly as regulators, financial institutions, and stakeholders place increasing emphasis on sustainable and responsible business practices.





GOVERNMENT AND LEGAL SYSTEM

Indonesia is one of the world's largest democracies and a central economic force in Southeast Asia. Over the past two decades, its political and legal foundations have continued to evolve, with reforms aimed at strengthening governance, improving regulatory clarity, and creating a more predictable landscape for domestic and foreign investors.

For investors, commercial and investment activities are governed at the national level, complemented by ongoing regulatory simplification initiatives designed to improve ease of doing business while safeguarding public interests.

GOVERNMENT STRUCTURE

Indonesia is a unitary republic governed under the 1945 Constitution, as amended. State power is divided among three branches:

Executive

Executive branch, led by the President as Head of State and Government, supported by the Vice President and the cabinet. The President and the Vice President are appointed by the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat* or MPR).

Legislative

Legislative branch, consisting of the People's Representative Council (*Dewan Perwakilan Rakyat* or DPR) and the Regional Representative Council (*Dewan Perwakilan Daerah* or DPD).

Judicial

Judicial branch, comprising the Supreme Court (*Mahkamah Agung*), the Constitutional Court (*Mahkamah Konstitusi*), and courts operating under their respective jurisdictions.

The President is directly elected and holds authority over national policy direction, including economic and investment policy. Ministries and government agencies implement sector-specific regulations within their respective mandates, while coordination on investment matters is centralized under the Ministry of Investment and Downstream Industry/Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* / BKPM).



LEGAL SYSTEM AND SOURCES OF LAW

Indonesia follows a civil law system, historically influenced by Dutch law, with statutes and regulations serving as the primary sources of law. In addition, certain aspects of customary (*adat*) law and Islamic law apply in specific contexts, particularly in family and community matters. Commercial and investment activities, however, are governed predominantly by national laws and regulations.

For investors, this hierarchy underscores the importance of compliance with national regulations, while also recognizing that regional implementation and administrative practices may vary depending on the location of the investment.

JUDICIAL SYSTEM AND DISPUTE RESOLUTION

Indonesia's judiciary is constitutionally independent. The court system comprises general courts, religious courts, military courts, and administrative courts, each with defined jurisdictions. Certain commercial disputes, such as bankruptcy, intellectual property, employment, and competition law matters, are handled by specialised courts, which form part of the general court system and operate hierarchically under the general courts. Judicial administration has increasingly incorporated electronic court systems, including e-filing and electronic case management, reflecting broader efforts to improve transparency and efficiency.

COURT HIERARCHY AND LEVELS OF REVIEW

Civil and commercial disputes before the Indonesian courts generally proceed through a three tier judicial structure. Proceedings commence at the court of first instance (*Pengadilan Negeri* or the relevant specialised court), followed by a right of appeal (*banding*) to the High Court (*Pengadilan Tinggi*). Final judicial review is conducted by the Supreme Court (*Mahkamah Agung*) through a cassation (*kasasi*) process, which focuses on the application of law rather than re-examination of facts. In limited circumstances, parties may seek an extraordinary review (*peninjauan kembali*) before the Supreme Court, subject to strict statutory grounds.

ALTERNATIVE DISPUTE RESOLUTION

In parallel with court based mechanisms, Indonesian law recognises alternative dispute resolution, including arbitration and mediation. The principal arbitral institution in Indonesia is the Indonesian National Arbitration Board (*Badan Arbitrase Nasional Indonesia* or BANI Arbitration Center), an independent arbitration institution that administers domestic and international commercial arbitrations across a broad range of sectors, including construction, corporate, financial, and trade-related disputes.

In addition, disputes arising specifically in the financial services sector may be resolved through the Alternative Dispute Resolution Institution for the Financial Services Sector (*Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan* or LAPS-SJK), an out-of-court dispute resolution body established under the supervision of the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK). LAPS-SJK provides mediation, arbitration, and binding opinion services for disputes involving financial service providers, including banking, insurance, capital markets, and financial technology.

As Indonesia is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, international arbitral awards may be enforced in Indonesia subject to satisfying the relevant procedural requirements.

DECENTRALIZATION AND REGIONAL GOVERNANCE

While Indonesia is a unitary state, it applies a policy of regional autonomy, granting provinces and local governments authority over certain administrative and regulatory matters. Regional governments play a role in areas such as land administration, local licensing, and regional development planning. For example, IUP for sales (*Izin Usaha Pertambangan Operasi Produksi untuk Penjualan*) for some types of non metal minerals and stones is issued by the governor at the provincial level, instead of the ministry at the central level.

For investors, this means that although the substantive investment framework is nationally regulated, engagement with regional authorities is often necessary during project implementation, particularly for site-specific permits and operational matters.

INVESTMENT GOVERNANCE AND REGULATORY REFORM

Investment policy in Indonesia is shaped by the government's commitment to economic growth, industrial development, and sustainable investment. The Ministry of Investment and Downstream Industry/BKPM, acting through the investment coordination function, serves as the central authority for investment facilitation and licensing.

Recent regulatory reforms, including those introduced under the Job Creation framework and its implementing regulations, are part of a broader strategy to:

- Streamline licensing procedures;
- Reduce regulatory overlap;
- Enhance legal certainty; and
- Improve coordination between central and regional authorities.

These reforms reflect Indonesia's long-term objective of aligning its legal and regulatory environment with international best practices while accommodating national development priorities.

INTERNATIONAL INVESTMENT TREATIES AND INVESTMENT PROTECTION

Indonesia is a party to a number of international investment treaties and trade agreements containing investment provisions, which may provide additional protections to foreign investors beyond those available under domestic law.

These instruments typically set out rules on, among others, fair and equitable treatment, similar treatment to local investors (referred to as "National Treatment & Most Favoured Nation Treatment"), protection against unlawful expropriation, and dispute settlement.

In recent years, Indonesia has adopted a more modernised investment treaty approach. Newer-generation treaties typically provide clearer parameters for core protections (including more specific articulation of fair and equitable treatment and more detailed compensation principles for expropriation), and often include additional provisions on transfers of funds, losses arising from extraordinary events, and safeguard exceptions. These treaties may also contain more explicit carve-outs (such as for government procurement and certain tax measures), as well as language recognising the State's right to regulate and encouraging responsible business conduct and anti-corruption measures.

Whether treaty protection is available depends on factors namely the investor's nationality and the investment structure. Treaty protections generally operate in parallel with Indonesia's domestic investment regime and do not replace the requirement to comply with local laws and regulations.

Investors considering reliance on international investment treaties are encouraged to assess treaty coverage at an early stage of investment planning.

BILATERAL INVESTMENT TREATIES (BITS)

Indonesia has entered into bilateral investment treaties with a number of countries. In recent years, Indonesia has adopted a more selective approach to investment treaties, with a focus on modern treaty standards and clearer regulatory safeguards.

As at the date of this guidebook, Indonesia has the following BITs in force, including with Singapore and Switzerland.

The scope and level of protection vary depending on the specific treaty. Investors should assess whether a BIT applies based on their nationality and investment structure.

INVESTMENT CHAPTERS IN FREE TRADE AGREEMENTS (FTAS) AND CEPAS

In addition to standalone BITs, Indonesia is a party to 22 Free Trade Agreements (FTAs), Preferential Trade Arrangements (PTAs), and Comprehensive Economic Partnership Agreements (CEPAs):

1. **Indonesia–Canada Comprehensive Economic Partnership Agreement (ICA-CEPA)**, which establishes Indonesia's first trade pact with a North American nation, focusing on market access for automotive, textiles, and manufacturing sectors while securing critical supplies of wheat and agricultural goods.

2. **Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA)**, which aims to open comprehensive market access across Europe and Indonesia, focusing on robust provisions for digital trade, intellectual property rights, government procurement, and sustainable development.

3. **Indonesia–Eurasian Economic Union Free Trade Agreement (I-EAEU FTA**), which secures preferential trade terms with a massive market across Russia and Central Asia, focusing on expanding export avenues for agricultural commodities, electronics, and fisheries.

4. **Indonesia–Japan Economic Partnership Agreement (IJEPA)**, which liberalises trade in goods and services between Indonesia and Japan while promoting investment, movement of natural persons, and economic cooperation.

5. **Indonesia–Pakistan Preferential Trade Agreement (IP PTA)**, which provides preferential tariff rates for a limited list of goods traded between Indonesia and Pakistan.

6. **Indonesia–EFTA Comprehensive Economic Partnership Agreement (Indonesia–EFTA CEPA)**, which facilitates trade and investment between Indonesia and the EFTA States (Switzerland, Norway, Iceland, and Liechtenstein), including goods, services, investment, and sustainable development.

7. **Indonesia–Mozambique Preferential Trade Agreement**, which grants limited tariff preferences for selected products to enhance bilateral trade flows between the two countries.

8. **Indonesia–Australia Comprehensive Economic Partnership Agreement (IA CEPA)**, which deepens bilateral economic integration through comprehensive commitments on goods, services, investment, skills cooperation, and economic capacity building.

9. **Indonesia–Korea Comprehensive Economic Partnership Agreement (IK CEPA)**, which expands market access and strengthens cooperation in trade, services, investment, and supply chains between Indonesia and the Republic of Korea.

10. **Preferential Trade Agreement under the D8 Organization (PTAD8)**, which provides tariff preferences among Developing-8 member countries to promote South-South trade cooperation.

11. **ASEAN Trade in Goods Agreement (ATIGA)**, which eliminates or reduces tariffs and non tariff barriers on goods traded among ASEAN Member States.

12. **ASEAN Trade in Services Agreements (ATISA/ AFAS)**, which progressively liberalise trade in services within ASEAN through commitments on market access and national treatment.

13. **Indonesia–United Arab Emirates Comprehensive Economic Partnership Agreement (IUAE CEPA)**, which promotes bilateral trade and investment through extensive tariff elimination, services liberalisation, and investment facilitation.

14. **ASEAN–China Free Trade Agreement (ACFTA)**, which establishes a free trade area between ASEAN and China covering trade in goods, services, and investment.

15. **Indonesia–Chile Comprehensive Economic Partnership Agreement – Trade in Goods (IC CEPA TIG)**, which removes or reduces tariffs and addresses non tariff measures on goods traded between Indonesia and Chile.

16. **Indonesia–Chile Comprehensive Economic Partnership Agreement – Trade in Services (ICCEPATIS)**, which liberalises cross-border services and investment between Indonesia and Chile.

17. **ASEAN–Japan Comprehensive Economic Partnership (AJCEP)**, which enhances economic cooperation and liberalises trade in goods, services, and investment between ASEAN and Japan.

18. **ASEAN–India Free Trade Area (AIFTA)**, which provides tariff concessions on goods and commitments on services and investment between ASEAN Member States and India.

19. **ASEAN–Hong Kong, China Free Trade Agreement and Investment Agreement**, which liberalises trade in goods and services and ensures investment protection between ASEAN and Hong Kong, China.

20. **ASEAN–Australia–New Zealand Free Trade Area (AANZFTA)**, which establishes comprehensive trade and investment rules between ASEAN, Australia, and New Zealand, including goods, services, and investment.

21. **Regional Comprehensive Economic Partnership (RCEP)**, which is a mega regional trade agreement among ASEAN and its FTA partners, harmonising rules on goods, services, investment, intellectual property, and e commerce.

22. **ASEAN–Korea Free Trade Agreement (AKFTA)**, which liberalises trade in goods, services, and investment between ASEAN Member States and the Republic of Korea.

Investment chapters in these agreements may cover investment liberalisation, post-establishment protection, and dispute settlement, subject to reservations and sector-specific limitations.



INVESTING IN INDONESIA

Indonesia's risk-based business licensing regime is currently governed by Government Regulation No. 28 of 2025 and its implementing regulation, Minister of Investment and Downstream Industry Regulation No. 5 of 2025, which consolidate and refine the OSS-based licensing framework introduced under earlier reforms. These regulations reaffirm the classification of business activities by risk level, strengthen service time certainty (including through service level commitments and the fiktif positif mechanism), and enhance post-licensing supervision.

For foreign investment companies (PT PMA), the framework maintains a nationally integrated licensing process through OSS, while providing greater procedural clarity, consistency across sectors, and increased predictability in licensing timelines, without altering the requirement to comply with substantive sectoral regulations.



Fiktif Positif (Fictitious-Positive) or Deemed Approval in Indonesia's Business Licensing Framework

Fiktif Positif (Fictitious-Positive) or Deemed Approval in Indonesia's Business Licensing Framework Indonesian administrative law recognises the principle of *keputusan fiktif positif*, commonly referred to in English by BKPM as "Fictitious-Positive". In substance, this refers to a system of deemed approval by administrative silence, under which a license application may be legally deemed approved if the relevant government authority fails to issue a decision within the prescribed statutory timeframe under the OSS-based licensing regime.

This concept originates from continental (civil law) administrative systems, notably the Dutch doctrine of *fictief positief besluit*, which has influenced Indonesia's administrative law framework. It is therefore distinct from dispute resolution or judicial review mechanisms commonly found in common law jurisdictions.

Investors should note that deemed approval by administrative silence does not remove the obligation to comply with the substantive requirements under sectoral laws and regulations. Accordingly, it is not a guarantee that all technical or regulatory requirements have been fulfilled. Moreover, government authorities retain the power to conduct post-issuance supervision, verification, and enforcement, and licenses deemed approved through this mechanism may still be subject to revocation or administrative sanctions if material non-compliance is subsequently found.

FIVE STEPS TO DOING BUSINESS IN INDONESIA (OVERVIEW)

Foreign investment in Indonesia follows a structured and integrated process, supported by the BKPM through its end-to-end investment facilitation framework. The key steps are summarised below.

Foreign Investment Process in Indonesia

1 — Defining Business Activities

- Identify proposal business activities
- Determine relevant KBLI classifications
- Confirm foreign ownership eligibility

2 — Establishing a PT PMA

- Estabilishing a PT PMA
- Check and prepare the minimum investment requirements

3 — Business Licensing Registration

- Complete registration and abtain NIB
- Obtain Risk-Based License Based on the relevant business activities
- Secure supporting approvals

4 — Investment Incentives and Facilities

- Apply for Tax Incentives
- Access Customs Facilities

5 — Project Implementation & Operation

- Execute project land acquisition, construction and procurement of equipment
- Maintain ongoing compliance with regulations

KBLI SELECTION

As a first step, investors must identify the relevant Indonesian Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or KBLI) codes for their proposed business activities. Each business activity is tied to a specific KBLI code, as set out in the Central Bureau of Statistics (*Badan Pusat Statistik* or BPS) Regulation No. 7 of 2025.

KBLI selection is critical because it determines:

- Whether a business activity is open to foreign investment
- The applicable foreign ownership limits and licensing requirements
- Eligibility for investment incentives and facilities.

Early and accurate KBLI mapping is therefore essential to avoid structural issues, licensing delays, or the need for later restructuring.

PRIORITY INVESTMENT LIST

Once the relevant KBLI codes have been identified, investors should check the Priority Investment List to confirm whether its proposed business activity is open to foreign investment and whether any conditions apply.

The Priority Investment List is set out in Presidential Regulation No. 10 of 2021, as amended by Presidential Regulation No. 49 of 2021 (**Priority Investment List**). As a general principle, business activities listed in the Priority Investment List are open to foreign investment unless the list or sectoral rules impose limitations or additional requirements.

Based on the Priority Investment List, business activities are generally categorized as follows:

- **Prioritised business sectors** — *As listed in Appendix I of Presidential Regulation No. 10 of 2021.*

  These are sectors that the government actively encourages and may be eligible for fiscal incentives (e.g., tax facilities and import duty exemptions) and non-fiscal incentives (e.g., simplified licensing and supporting infrastructure).

  Prioritised sectors generally include activities that are strategically important, capital- or labour-intensive, technology-driven, pioneering, export-oriented, or linked to research and development.

- **Business sectors allocated for or requiring partnership with cooperatives or micro, small, and medium enterprises (MSMEs)** — *As listed in Appendix II of Presidential Regulation No. 10 of 2021.*

  Certain activities are reserved for cooperatives or MSMEs or may only be conducted by larger businesses through a partnership arrangement with those entities.

- **Business sectors with specific requirements** — *As listed in Appendix III of Presidential Regulation No. 10 of 2021.*

  These sectors remain open to investment but are subject to particular conditions, such as foreign ownership caps, special licensing, or other operational requirements. These conditions must be reviewed carefully at the structuring stage, particularly for regulated industries such as banking and finance.

- **Closed business sectors and sectors reserved for the government** — *As listed in Appendix III of Presidential Regulation No. 10 of 2021.*

  A limited number of activities are closed to foreign investment, and certain strategic sectors may be reserved for the government (typically linked to public services or national defence/security considerations).

Accordingly, as certain industries are also regulated by sector-specific laws and regulations, investors should

confirm both (i) the applicable treatment under the Priority Investment List and (ii) any additional sectoral requirements that may apply to the proposed business activity.

INVESTMENT ENTRY OPTIONS

Foreign investors may enter the Indonesian market through three ways:

- **Establishing a new PT PMA** – Establishing a PT PMA (Perseroan Terbatas Penanaman Modal Asing or foreign investment company) allows the investor to conduct revenue-generating business activities in Indonesia. A PT PMA is incorporated as a limited liability company (Perseroan Terbatas or PT) under Indonesian law, through a deed of establishment executed before a public notary.

  As a general requirement, a PT PMA must have at least two shareholders and a minimum issued and paid-up capital of IDR 2.5 billion.

- **Acquisition of existing company** – Acquiring shares in an existing foreign investment company allows investors to enter the Indonesian market through a business that is already established. This route may also be subject to change-of-control requirements in certain regulated sectors, where prior approvals or notifications are mandatory.

- **Opening a representative office** – Unlike a PT PMA, activities of a representative office will generally be limited to non-commercial activities such as liaison, supervision, market research, or coordination with headquarters, depending on the sector.

Each option carries different regulatory, tax, and operational implications and should be selected based on the intended scope of activities.

Key Aspect	New PT PMA	Acquisition of Existing Company (PT PMA / PT Lokal)	Representative Office
Legal Form	Indonesia Limited Liability Company (PT PMA)	Existing PT PMA or Local Company Converting Into PT PMA	Not a Legal Entity; Extension of Foreign Head Office
Permitted Activities	Full Revenue-Generating Commercial Activities	Full Commercial Activities, Subject to Existing Licences	Non-Commercial Only (e.g. Liaison, Supervision, Market Research)
Foreign Ownership	Subject to Priority Investment List and KBLI	Subject to Priority Investment List and KBLI; Change of Control Rules May Apply	100% Foreign Owned
Business Licences	Required Throught OSS-RBA Based on Risk Level	Existing Licences May Be Retained But Often Need Updating In OSS-RBA	Representative Office Licence via OSS-RBA
Tax Status	Indonesian Tax Resident (CIT, VAT, WHT Apply)	Indonesian Tax Resident (CIT, VAT, WHT Apply)	Generally Not Subject to CIT on Business Income, But Withholding and Payroll Taxes May Apply
Ability to Generate Revenue	Yes	Yes	No
Typical Use Case	Long-term Market Presence and Operations	Faster Entry, Regulated Sectors, Existing Licences or Assets	Market Testing or Regional Coordination

While foreign investors may enter the Indonesian market through several routes, in practice, the establishment of a new PT PMA is often the preferred approach. Setting up a new PT PMA provides a clean structure from the outset, with clearly defined KBLI, licensing scope, capitalisation, and governance arrangements aligned to the investor's intended operations.

ESTABLISHMENT AND LICENSING PROCESS FOR A PT PMA

1. **Notarial deed and incorporation**
   A PT PMA is established by signing a deed of establishment before an Indonesian public notary. The deed of establishment contains the company's articles of association and key particulars, including shareholders, directors/commissioners, capital structure, and business activities.

   As a general requirement, a PT PMA must have at least two shareholders and a minimum issued and paid-up capital of IDR 2.5 billion. Where founders cannot sign in Indonesia, execution may be carried out through a power of attorney, with supporting documents subject to applicable legalisation or apostille requirements.

   Relevant stakeholder: **Public Notary**

2. **Ministry of Law approval (AHU Online) and beneficial ownership disclosure**
   Following execution of the notarial deed, the notary submits the deed of establishment electronically through the Ministry of Law's corporate administration platform (AHU Online: https://ahu.go.id/). Upon approval, the company obtains legal entity status.

   In parallel, Minister of Law Regulation No. 2 of 2025 requires companies to disclose beneficial ownership (*pemilik manfaat*) information and to keep such information accurate and up to date. In practice, consistency between shareholder, control, and beneficial ownership data is important, as discrepancies may result in verification queries or delay in AHU filings.

   Ministry of Law recently implemented substantive verification in the AHU Online system for changes to company data, specifically changes to directors/commissioners, share transfers, and updates to shareholder names to improve data accuracy and prevent misuse.

   Relevant Stakeholder: **Ministry of Law**

3. **Capital and Investment Value**
   A PT PMA must meet a minimum total investment value of more than IDR 10 billion, calculated excluding land and buildings, unless otherwise specified. PMA investments typically consist of:
   - Capital invested in land and buildings,
   - Capital invested outside land and buildings (such as machinery, equipment, and operational assets),
   - Investment allocated per project and per business activity.

   Certain business sectors benefit from an investment value exception, whereby the IDR 10 billion minimum (excluding land and buildings) per KBLI may not apply. These exceptions include:



Wholesale trade, requiring a minimum of IDR 10 billion, calculated per four-digit KBLI classification. Where multiple business activities share the same first four digits of the KBLI code, they are treated as a single KBLI for investment calculation purposes.



Food and beverage services, with a minimum of IDR 2 billion per two-digit KBLI classification and per business location at the regency or city level. Business activities sharing the same relevant KBLI digits are aggregated accordingly.



Construction services, requiring IDR 10 billion per four digits KBLI.



Manufacturing industries, requiring IDR 10 billion per production line.



Special Economic Zones (*Kawasan Ekonomi Khusus* / KEK), with lower thresholds applicable within a single Province

For these sectors, investment value may include land and buildings, provided the investment is directly related to the permitted business activities, such as property development, leasing operations, accommodation services, agriculture, plantations, livestock, fisheries, and aquaculture.

Relevant Stakeholder: **Ministry of Investment and Downstream Industry/ BKPM**

4. **Tax registration (NPWP)**
   After incorporation, the company must obtain a Tax Identification Number (Nomor Pokok Wajib Pajak or NPWP). The NPWP is required for tax administration purposes and is often requested by banks as part of standard account opening and onboarding procedures.

Relevant Stakeholder: **Directorate General of Taxes/Ministry of Finance**

5. **Business licensing under OSS-RBA**
   Indonesia has adopted an integrated, electronic business licensing system through the Online Single Submission – Risk Based Approach (OSS-RBA). This framework is designed to streamline the licensing process by aligning regulatory requirements with the risk level of the relevant business activity.

   Under the OSS-RBA system, business activities are classified into four risk levels: low risk, medium-low risk, medium-high risk, and high risk. The classification determines the type and range of licences or approvals required before a business may commence operations.

   - **Low risk activities** – A company conducting low-risk activities can generally commence operations after obtaining a Business Identification Number (*Nomor Induk Berusaha* or NIB).
     - The NIB functions as a core business identifier and also serves multiple administrative purposes, including company registration, customs access, and certain tax and employment registrations. Additional licences or approvals may still be required under sector-specific regulations, particularly in regulated industries.

   - **Medium-low risk activities** – A company conducting medium-low risk activities is required to obtain an NIB and a standard certificate prior to commencing operations. At this level, the standard certificate is issued based on self-declaration by the company. The standard certificate serves as a formal statement of compliance, confirming that the company has fulfilled the minimum business implementation standards applicable to its relevant KBLI. These standards generally relate to basic operational readiness, such as having a lawful business location, adequate facilities or equipment, and internal procedures that comply with applicable technical, safety, and administrative requirements. The standard certificate is issued electronically through the OSS system based on the company's self declaration.

- **Medium-high risk activities** – Similar to medium-low risk activities, a company must obtain an NIB and a standard certificate. However, the standard certificate is issued in unverified form and will subsequently be subject to verification by the relevant authority.

    - The unverified standard certificate allows the company to commence preparatory business activities, such as procuring land, purchasing equipment, or constructing facilities. Operational activities may only commence once the relevant authority has verified compliance with the applicable business standards and issued the verified standard certificate.

- **High risk activities** – A company conducting high-risk activities is required to obtain an NIB and a license before commencing operations. In addition, the company must assess and fulfil any infrastructure-related requirements, such as the provision of a waste processing facilities or land, where such infrastructure is necessary for the intended business activity.

While the OSS-RBA system centralises business licensing at the national level, implementation may involve coordination with relevant ministries or regional authorities, depending on the nature and location of the business activity. Accordingly, careful assessment of applicable licensing requirements remains essential at the planning stage to ensure compliance and avoid delays during project implementation.

Relevant Stakeholders: **OSS System operated by Ministry of Investment and Downstream Industry/BKPM, coordinating with sectoral ministries and regional governments**

6. Supporting licenses (PB UMKU)

Certain business activities also require supporting licences (*Perizinan Usaha Untuk Menunjang Kegiatan Usaha* or PB UMKU) issued by relevant ministries or institutions, such as halal certification, Indonesian National Standards (SNI), or other sector-specific approvals. These licences may be obtained before or after the operational or commercial stage, depending on the applicable regulatory framework. PB UMKU do not constitute primary business licences, but supplement and are linked to the core business licenses already held by the business.

Relevant Stakeholders: **Relevant sectoral ministries or institutions**

7. Investment incentives and facilities

Eligible investors may apply for investment incentives and facilities through the OSS system, including tax incentives (such as tax holidays, tax allowances, and super tax deductions) and import duty facilities. Incentive availability is closely linked to the Priority Investment List and Indonesia's policy focus on value-added and strategic sectors.

Relevant Stakeholders: **Ministry of Investment and Downstream Industry/ BKPM, Ministry of Finance, Customs Authority**

COMPANY ORGANS

Under Indonesian law, a limited liability company (Perseroan Terbatas), including a PT PMA, must have three corporate organs, namely the Board of Directors, the Board of Commissioners, and the General Meeting of Shareholders. Each of these organs has distinct roles and authorities as set out under the Companies Law (Law No. 40 of 2007, as amended).

Indonesian law allows company resolutions to be adopted either at a physical meeting or by way of circular resolution, provided that all directors/commissioners/shareholders entitled to vote give their consent in writing.

- **Board of Directors (BOD)**
  An Indonesian company must have at least one director. The Board of Directors (BOD) is responsible for the day-to-day management of the company and represents the company inside and outside court, in accordance with the company's articles of association and applicable law. Accordingly, if a company has more than one director, at least one director should reside in Indonesia to be able to effectively manage and represent the company's operations locally.

  Directors are appointed, replaced, and dismissed by resolution of the General Meeting of Shareholders (GMS). Any change in director composition must be notified to the Ministry of Law within 30 days following the GMS resolution.

  While directors have broad authority to act on behalf of the company, certain corporate actions may require prior approval from the Board of Commissioners (BOC) or the GMS, depending on the company's articles of association. These actions, often called reserved matters, typically include transactions involving significant portion of the company's assets, such as transfers, encumbrances, or guarantees exceeding a specified threshold.

  Lastly, directors owe fiduciary duties to the shareholders, which mean that they must perform their duties in good faith, with due care, and in the best interests of the company. Failure to do so may result in personal liability under Indonesian law.

- **Board of Commissioners (BOC)**
  In addition to the BOD, an Indonesian company must have a BOC consisting of at least one commissioner. This dual-board structure is not commonly found in many other jurisdictions, so the role of commissioners may be unfamiliar to those used in a single board model. In practice, the BOC does not engage in day-to-day management. Rather, its role is to supervise the management of the company conducted by the BOD, and to provide guidance to the directors where necessary.

  Commissioners are appointed, replaced, and dismissed by the GMS, and changes must likewise be reported to the Ministry of Law.

  Certain regulated sectors such as financial services industry impose additional requirements on the composition or number of commissioners. Companies operating in such sectors must ensure compliance with applicable sectoral regulations.

- **General Meeting of Shareholders (GMS)**
  The GMS is the highest decision-making organ of the company. As a general rule, an Indonesian company must have at least two shareholders, except where special rules apply (for example, for certain micro and small enterprises).

  The GMS holds all powers not expressly delegated to the BOD or the BOC under law or the articles of association. Typical authorities of the GMS include:

  - Approving annual financial statements and reports;
  - Determining the allocation of profits and distribution of dividends;
  - Appointing and dismissing directors and commissioners;
  - Approving amendments to the articles of association; and
  - Approving major corporate actions, such as mergers, consolidations, acquisitions, or dissolutions.

A company must hold an annual GMS at least once a year. In addition, it may also hold an extraordinary GMS at any time as required.



Practical Governance Considerations for Foreign Investors

For foreign investors, the division of authority between company organs is particularly important in practice. Common considerations include ensuring that reserved matters are clearly reflected in the articles of association, managing local director residency and immigration requirements (if the local director is a non-Indonesian citizen), and ensuring consistency between shareholder arrangements, constitutional documents, and filings with Indonesian authorities.



CURRENCY LAW COMPLIANCE

As a general rule, Indonesian Rupiah must be used for transactions conducted within the territory of Indonesia, including payments and the settlement of monetary obligations. This requirement is primarily governed by Law No. 7 of 2011 on Currency (as amended) and implementing regulations issued by Indonesia's central bank, Bank Indonesia (BI).

The requirement to use Rupiah applies to both residents and non-residents, and to both cash and non-cash transactions. For foreign investors, this means that day-to-day onshore business activities, such as payment of salaries, rent, utilities, and local suppliers, are typically conducted in Rupiah. Indonesian banks will generally expect operating accounts to be maintained in Rupiah for these purposes.

Indonesian law recognizes several statutory exemptions where foreign currency may be used. These include, among others:

- International trade transactions (export and import of goods);
- Cross-border financing and funding arrangements where one party is domiciled outside Indonesia;
- Foreign currency bank deposits;
- Certain government-related transactions; and
- Banking activities conducted in foreign currency in accordance with applicable banking regulations.

In practice, foreign investors commonly maintain both Rupiah and foreign currency accounts, using foreign currency accounts for permitted cross-border transactions (such as offshore loans, shareholder funding, or payments to overseas counterparties), while reserving Rupiah accounts for domestic operations.

Exporters of natural resources are subject to revised foreign exchange retention requirements, in which export proceeds from natural resource commodities in an amount equal to or exceeding USD 250,000 (or its equivalent) must be deposited into a special account with a foreign exchange bank in Indonesia no later than the end of the third month after registration of the export customs declaration.



YOUR **BANKING PARTNER**

Indonesia continues to emerge as one of the most attractive investment destinations in Asia, supported by its strong economic fundamentals, large and growing population, and abundant opportunities across key sectors. For foreign investors seeking to establish or expand their presence in the region, understanding the local business environment, regulatory landscape, and financial infrastructure is essential to achieving sustainable success. As a practical requirement, investors typically need to establish a relationship with a local bank to support their investment activities in Indonesia. As one of Indonesia's largest banks, Bank Rakyat Indonesia (BRI) plays an active role in supporting global investors entering and operating in Indonesia.

Established in 1895, BRI has played a pivotal role in supporting Indonesia's economic journey for more than several decades. Throughout this period, BRI has consistently upheld our commitment to empowering businesses, strengthening communities, and enabling sustainable growth, both domestically and internationally. BRI stands as the bank with the most extensive distribution network in Indonesia, supported by more than 7,300 branches that span across cities, industrial zones, and remote regions of the archipelago. This deep physical footprint, combined with strong relationships with government, local communities and industry players, gives us a unique ability to act as a bridge between global investors and local opportunities.



As Indonesia continues its economic transformation, BRI remains fully aligned with the nation's long-term development priorities and is committed to playing a leading role in facilitating investment, innovation, and inclusive growth.

In addition to facilitating foreign investment, BRI has long been recognized as a champion of Indonesia's micro, small, and medium enterprises (SMEs), which form the backbone of the national economy. Through a comprehensive ecosystem that combines financing solutions, digital banking capabilities, and capacity-building programs, BRI actively supports SMEs in scaling their operations beyond domestic markets and entering the global value chain. Initiatives such as export financing, trade facilitation services, and partnerships with international stakeholders enable local businesses to access new markets, improve competitiveness, and meet global standards. By leveraging its extensive network and deep understanding of local industries, BRI not only provides financial access but also serves as a strategic partner that nurtures SMEs to grow sustainably and compete on the international stage, ultimately reinforcing Indonesia's position in the global economy.



BRI PRESENCE WORLDWIDE



Partnered

Danantara Indonesia · KBRI · Kementerian Investasi dan Hilirisasi/BKPM · ICC International Chamber of Commerce The world business organization · Himpunan Kawasan Industri Indonesia · IIPC

BRI Network

18 Regional Office | **> 7,300** Outlets | **+709,105** E-Channels

+1,200,000 BRILink Agents — Covering **60,520** Villages (**80.91%** Out of Total Villages)

Invest in Indonesia



BRI Regional Office · Indonesia Economic Zone · **178** Industrial Estate

In the era of digital transformation, corporate competitiveness increasingly depends on speed, visibility, and seamless integration across the entire business ecosystem. Recognizing this shift, BRI has introduced One BRI Solution, a bank-wide ecosystem strategy that transforms the way financial services are delivered to corporate clients.

Instead of serving individual entities in isolation, One BRI Solution positions Corporate Banking as a catalyst that connects anchor corporations with their broader value chain. This encompasses an upstream-to-downstream ecosystem involving suppliers, distributors, agents, merchants, employees, and MSMEs.

Through this integrated ecosystem, BRI not only supports large-scale corporate operations but also manages employee payroll efficiently. This synergy now extends into the retail banking sector, enabling business owners within the corporate network to enjoy faster, easier, and more inclusive transaction services.

By integrating the strengths of Corporate Banking, Commercial Banking, SME, Micro, Consumer, and Transaction Banking into a single relationship framework, BRI delivers end-to-end financial solutions that support business expansion while creating multiplier effects across the entire ecosystem.

BRI AT A GLANCE

For investors, it is crucial to note that PT Bank Rakyat Indonesia (Persero) Tbk (BRI) has transformed its business model far beyond conventional banking functions. Through the establishment of the BRI Group ecosystem, the Company has successfully built a solid and integrated financial conglomeration.

10
Subsidiaries

- BRI Danareksa Sekuritas
- BRI Finance
- BRI Global Financial
- BRI Insurance
- BRI Life
- BRI Manajemen Investasi
- BRI Ventures
- bank raya
- PNM Permodalan Nasional Madani
- Pegadaian

IDR 424 Tn
Market Cap

IDR 2,135 Tn
Assets

IDR 57.13 Tn
Net Profit

IDR 1,466.84 Tn
Third-party Funds

IDR 1,521 Tn
Gross Loans

> 160 Mil
Customers

> 120,000
Employees

> 45 Mil
User Registration on BRImo

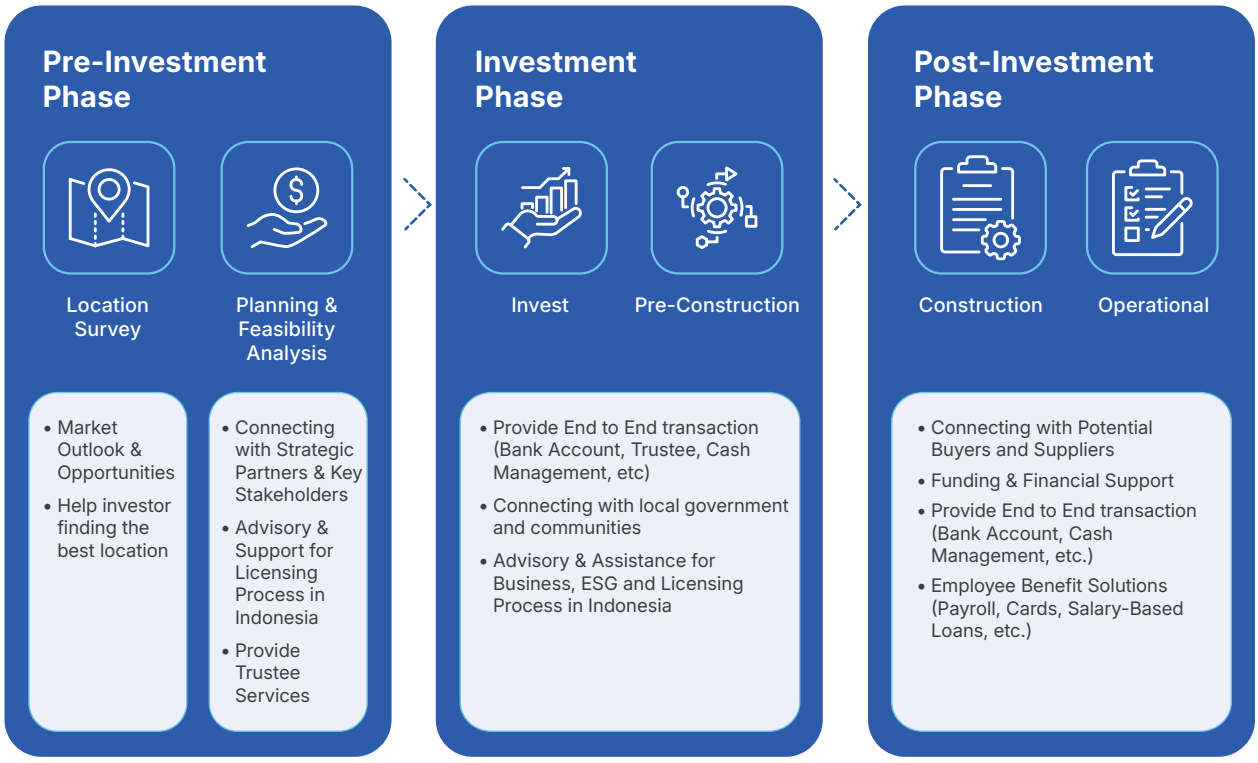
> 4.3 Mil
QRIS Points



Through the "BRI to Support Your Connection to Supply Chain" pillar, this strategy is enabled by digital technology, with Qlola by BRI serving as the central platform that integrates financing, cash management, trade finance, foreign exchange, and transaction services into one seamless ecosystem. The platform enhances visibility, operational efficiency, and liquidity management while facilitating stronger collaboration among ecosystem participants.

More importantly, One BRI Solution extends beyond digital integration. It creates a sustainable business ecosystem where the growth of anchor corporations generates opportunities across their entire supply chain and business network. This approach not only strengthens long-term corporate relationships but also enables suppliers and smaller business partners to scale their operations and gradually progress into higher business segments while remaining within the BRI ecosystem. In this way, BRI supports customers throughout their business lifecycle while reinforcing inclusive and sustainable economic growth in Indonesia.

BRI FDI Service Solution



From market entry to long-term expansion, BRI stands beside investors at every stage of their journey. By combining comprehensive financial solutions with deep local connectivity, we help transform investment into sustainable business growth across Indonesia.

CONNECTING TO THE LOCAL ECOSYSTEM

Beyond the breadth of financial solutions offered, BRI plays a strategic role as a connector within Indonesia's economic ecosystem. Leveraging its presence across all provinces, BRI maintains strong relationships with local enterprises, regional governments, industrial zones, and key players within supply chains. This extensive network enables BRI to effectively bridge global investors with domestic stakeholders, facilitating smoother market entry and integration into Indonesia's business landscape.

Through this role, BRI supports the alignment of international capital with local capabilities, ensuring that investments are not only commercially viable but also contribute to broader economic development. By connecting investors with relevant partners and ecosystems, BRI helps generate employment opportunities, promote knowledge transfer, and foster sustainable, long-term growth. This integrated approach, combining financial strength, deep local insight, and nationwide reach, positions BRI as a trusted gateway for global investors seeking to establish and expand their presence in Indonesia.

BRI Local Connectivity



BRI is the strongest local partner for global investors to access **Indonesia's business ecosystem**



OPENING A BANK ACCOUNT

Companies entering the Indonesian market are required to set up a local bank account to support their business activities. This process involves digital open account and submitting key legal documents, such as the company's deed of establishment, approval from the Ministry of Law and Human Rights, NIB, NPWP, and an authorization from Ministry of Investment and Downstream Industry/BKPM.

Documents required to open a current account

- Fill and complete the current account form
- Copy of ID documents
- Supporting legal documents that have been notarized by a notary and apostilled
- Power of attorney from the BOD (if represented)

End-to-end Services for Global Investors

BRI provides end-to-end support for foreign direct investment, guiding investors seamlessly across every stage of their journey in Indonesia: from pre-investment, pre-construction, and investment, through construction, and into full operations. At each phase, the BRI ensures investors are supported with the right financial solutions, strategic connections, and local insights needed to move forward with confidence.

With its strong nationwide presence and deep integration within local ecosystems, BRI acts as a trusted partner in connecting global investors to opportunities across Indonesia. This holistic approach enables a smoother market entry, efficient project execution, and long-term sustainable growth

BRI Platform



Introducing Qlola by BRI

Digital platform designed to support Foreign Direct Investment (FDI)

Integrated Corporate Solution Platform

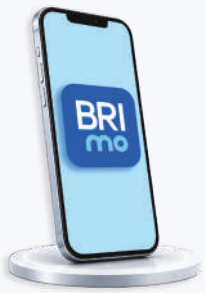
To make it easier for customers to access various BRI products and services.

Single Sign On

Make it easier for customers to access various BRI products and services.

Dashboard Portfolio & Transaction

It provides cash & trade, supply chain management, forex, investment services, and financial dashboard.



Explore BRImo App

Digital banking super apps for individual

Instant Daily Transactions

Instant transactions and routine business payments directly from your phone.

Utility Bill Payments & Top-ups

Easily modify, schedule, and execute payments for standard utilities.

Savings & Investment Management

Integrates investment management tools directly into the user dashboard.

OFFSHORE LOAN

BRI also offers offshore loan products, whereby Indonesian companies may obtain loans from offshore lenders, including foreign shareholders and affiliated entities. However, offshore borrowing is subject to regulatory reporting to Bank Indonesia (BI) and prudential requirements.

- **Reporting to BI dan Ministry of Finance**
  Offshore loans constitute foreign exchange traffic and are subject to mandatory reporting to BI. Under BI Regulation No. 21/2/PBI/2019, Indonesian residents must report offshore loans to BI, regardless of the loan amount.

  Any withdrawal of offshore loan proceeds must go through an Indonesian foreign exchange bank and be reported to BI. The withdrawal must be reported by the 15th of the following month and then monthly by the 15th, with documents showing the funds were withdrawn through an approved bank

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- **Hedging and Liquidity Requirements**

  Under BI's prudential rules for offshore loans, Indonesian borrowers are required to comply with the following key requirements, subject to applicable exemptions:

  - **Hedging requirement**

    Keep at least 25% of the foreign-currency gap hedged for liabilities due within three and six months. Hedging transactions must be conducted with Indonesian banks.

    This requirement does not apply if the borrower prepares its financial statements in US dollars and derives more than 50% of its revenue from exports in the preceding financial year.

  - **Liquidity requirement**

    The borrower must maintain foreign currency assets equal to at least 70% of foreign-currency liabilities falling due within three months.

  - **Credit rating requirement**

    The borrower must maintain a minimum credit rating of BB (or its equivalent) issued by a rating agency recognized by BI, unless an exemption applies.

Danantara Indonesia

LAND RIGHTS AND COMMERCIAL PREMISES

RIGHT OF LAND IN INDUSTRIAL ESTATES

In practice, land utilisation within industrial estates is typically structured through Right to Build (*Hak Guna Bangunan* or HGB). An industrial estate company that has obtained an Industrial Estate Business Licence (*Izin Usaha Kawasan Industri*) may be granted HGB over the land it develops and manages. This HGB may subsequently be subdivided into individual HGB titles for each plot (*kaveling*) within the industrial estate. The industrial estate developer is responsible to carry out subdivision of the HGB in line with applicable land regulations. Investors acquiring lands within an industrial estate will typically obtain HGB over a specific plot, derived from the master HGB held by the developer.



OFFICE LEASING OPTIONS (INCLUDING SERVICED OFFICES)

The most common approach for foreign investors to satisfy their operational space needs is to lease office space from an Indonesian land or building owner under a commercial lease agreement. Office leases are widely available in major cities, particularly Jakarta and other provincial capitals, and may be structured for short-term or long-term use depending on commercial needs.

In recent years, Indonesia has also seen a significant increase in the availability of serviced offices and co-working spaces, particularly in Jakarta and other business hubs. These serviced offices are typically offered on flexible terms (often monthly or yearly), and commonly include reception services, internet connectivity, meeting rooms, and shared administrative facilities. Serviced offices are frequently used by representative offices or foreign investors testing the Indonesian market before committing to a long-term lease.

From a regulatory perspective, leasing office space does not, in itself, grant any proprietary interest in land and does not alter the applicable land ownership restrictions under Indonesian law.

RESTRICTIONS FOR FOREIGN INDIVIDUALS

As a general principle, foreign individuals are not permitted to own land with full ownership rights (*hak milik*) in Indonesia. Instead, foreign individuals may only hold limited rights over certain types of property, subject to statutory conditions.

Foreign individuals may, in principle:

- Hold landed residential property under a right to use (*hak pakai*); and/or
- Own apartment or strata title units, provided that the apartment building is constructed on land held under *Hak Guna Bangunan* (HGB) or *hak pakai*.

In addition to the type of land right, Indonesian regulations also impose minimum price thresholds for residential property that may be acquired by foreign individuals. These thresholds vary depending on location and are intended to ensure that foreign ownership is limited to certain segments of the property market.

Foreign individuals should also note that compliance with immigration status and residency requirements is relevant when acquiring residential property under *hak pakai*, and continued eligibility may be affected if such requirements are no longer satisfied.

RIGHTS AVAILABLE TO PMA COMPANIES

Unlike foreign individuals, a PT PMA is treated as an Indonesian legal entity for land law purposes. As a result, a PT PMA may hold certain registered land rights directly, subject to the permitted use of the land and compliance with zoning and licensing requirements.

A PT PMA may generally obtain the following land rights:

- **HGB**
  HGB grants the holder the right to construct and own buildings on land that is not held under *hak milik*. This is the most common land right used by PT PMA companies for commercial, industrial, and office purposes.

- **Right to Cultivate (*Hak Guna Usaha* or HGU)**
  HGU grants the right to cultivate land for agricultural, plantation, fisheries, or livestock activities. This right is typically relevant for investors in agribusiness or natural resource-based sectors and may not be used for non-agricultural commercial activities.

- **Right to Use (*Hak Pakai*)**
  Hak pakai allows the holder to use and/or collect benefits from land controlled by the state or another land rights holder. For PT PMA companies, *hak pakai* is commonly used in more limited or specific circumstances, such as for certain operational or support facilities.

Each of these rights is registrable and recorded at the relevant land office under the authority of the Ministry of Agrarian Affairs and Spatial Planning/ National Land Agency (ATR/BPN).

DURATION, RENEWAL, AND CONDITIONS OF LAND TITLES

The key land rights available to PT PMA companies are subject to fixed maximum terms, with possibilities for extension and renewal, as summarised below:

Type of Land Right	Initial Term (Maximum)	Extension (Maximum)	Renewal (Maximum)
***Hak Guna Bangunan* (HGB)**	30 Years	20 Years	30 Years
***Hak Guna Usaha* (HGU)**	35 Years	25 Years	35 Years
Hak Pakai	25 Years	20 Years	30 Years

Extension and renewals are not automatic. They are subject to:

- Continued compliance with the permitted land use
- Conformity with spatial planning and zoning regulations
- Fulfilment of any licensing or investment obligations
- Approval from the relevant land authority

As a specific note, hak pakai may be granted for an indefinite period only to certain entities, such as central or regional government bodies and representatives of foreign states or international organisations, provided that the land continues to be used strictly in accordance with its designated purpose. This indefinite tenure does not apply to private foreign individuals or PT PMA companies.

Regulatory Note – Non-Residential Apartments

Indonesia's Apartment Law (Law No. 20 of 2011) currently recognises only residential and mixed-use apartment developments. In a recent Constitutional Court decision, the Court confirmed that this framework does not accommodate apartments developed exclusively for non-residential purposes and acknowledged the resulting regulatory gap.

While the decision does not immediately change the law, the Court directed lawmakers to amend the Apartment Law or issue implementing regulations to address non-residential apartments. Until such measures are introduced, non-residential apartment projects remain subject to legal and transactional constraints, including difficulties in obtaining strata titles (SHM Sarusun) and securing financing.



IMMIGRATION AND EMPLOYMENT LAWS

Immigration – Indonesia applies a selective and regulated framework for the entry, stay, and employment of foreign nationals. Foreign employees, directors, and investors must comply with both manpower and immigration requirements, which operate in parallel.



FOREIGN WORKER UTILIZATION PLAN (RPTKA)

Before employing foreign workers, employers are required to prepare and obtain approval for a Foreign Manpower Utilisation Plan (*Rencana Penggunaan Tenaga Kerja Asing* or RPTKA). The RPTKA serves as the primary approval governing the employment of foreign employees, including their positions, duration of employment, and work locations. In addition, the RPTKA also forms the basis for the immigration processes.

As part of the RPTKA framework, the engagement of foreign manpower is subject to a selective, position-based approach and is generally accompanied by obligations relating to knowledge and/or skills transfer to Indonesian employees, reflecting Indonesia's policy objective of supporting domestic workforce development.

If necessary, employers may apply for an amendment to the approved RPTKA before its validity period expires. Where the application and supporting documents are complete and accurate, the Ministry of Manpower will issue the amended RPTKA approval within a short administrative timeframe.

WORK AUTHORIZATION (ABOLITION OF IMTA)

Under Government Regulation No. 34 of 2021 on the Employment of Foreign Workers, which implements the Job Creation framework, the previous requirement to obtain a separate work permit (*Izin Mempekerjakan Tenaga Kerja Asing* or IMTA) has been abolished.

Under the current system, work authorisation is integrated into the RPTKA regime, meaning that once the RPTKA is approved, no separate IMTA is required. Employers remain responsible for ensuring that foreign workers perform activities strictly in accordance with the scope, position, and duration approved under the RPTKA.

VISAS AND RESIDENCE PERMIT

In addition to manpower approvals, foreign employees and directors must hold valid immigration visas and stay permits that correspond to their approved employment and duration of stay in Indonesia.

There are several types of visas:



Visitor visas
Visitor visas are granted for short-term activities such as business visits, pre-investment activities, meetings, education, tourism, or transit. Under Government Regulation No. 40 of 2023, visitor visas may be issued as single-entry or multiple-entry visas, with permitted activities and conditions determined by the Ministry of Law.



Limited-stay visas
Limited-stay visas are granted to foreigners who intend to stay in Indonesia for a limited period to work or for other purposes, including employment, investment, education, research, religious activities, second-home facilities, and family unity. The classification of limited-stay visas, permitted activities, and related rights and obligations are determined by the Ministry of Law.

In general, applicants for visitor or limited-stay visas may be required to have a guarantor (individual or corporate) responsible for the foreigner's presence and activities in Indonesia. Certain categories of foreigners, including qualifying investors, may be exempt from this requirement.

Meanwhile, there are two types of stay permits:

Visitor stay permits

Visitor stay permits are granted to holders of visitor visas for limited durations, subject to extension, within prescribed maximum periods.

Limited stay permits

Limited stay permits may be granted for periods of up to 10 years, depending on the visa category. Where initially granted for a shorter duration, extensions may be applied for, provided that the total stay does not exceed the maximum period. Eligible foreigners may apply for conversion from a limited stay permit to a permanent stay permit, subject to statutory residency requirements.

GOLDEN VISA

Indonesia has introduced the Golden Visa, which is a facility combining a limited-stay visa, stay permit, re-entry permit, and related immigration facilities for certain categories of foreigners.

Golden Visas may be granted for investment, family integration, repatriation, or second-home purposes, with validity periods of 5 or 10 years. In the investment context, Golden Visas may be issued to:

- Individual foreign investors establishing or investing in Indonesian companies
- Individual foreign investors without a corporate establishment; and
- Foreign nationals appointed as directors or commissioners of qualifying companies.

Holders of Golden Visas may benefit from priority immigration services, subject to applicable regulations.

EMPLOYMENT LAWS

Employment relationships in Indonesia are governed primarily by Law No. 13 of 2003, as amended by the Job Creation Law and its implementing regulations, which set out minimum standards and protections applicable to employers and employees. These rules apply to both domestic and foreign-owned companies, subject to specific provisions for foreign employees where relevant.

KEY PROTECTIONS UNDER MANPOWER REGULATIONS

Employee rights and obligations may arise from various sources, including:

- Laws and regulations;
- Individual employment agreements;
- Company regulations (*peraturan perusahaan*); and
- Collective labour agreements (*perjanjian kerja sama*) negotiated with registered labour unions.

Manpower regulations provide baseline protections relating to, among others, non-discrimination, occupational safety and health, prohibition of child labour (subject to limited exceptions), and procedural safeguards in employment termination.

WORKING HOURS, MINIMUM WAGE, AND OVERTIME

Indonesian law prescribes maximum working hours, generally set at:

7 hours per day and 40 hours per week for **a six-day work** week; or

8 hours per day and 40 hours per week for **a five-day work** week.

Work performed beyond these limits constitutes overtime and must be compensated in accordance with statutory formulas, unless the employee occupies certain senior, managerial, or supervisory positions that are exempt from overtime entitlements.

Indonesia applies a minimum wage system that is determined at the regional level and adjusted periodically. By way of an example, the current minimum wage for Jakarta for 2026 is IDR 5,729,876. Employers must comply with the applicable minimum wage in the location where the employee works. Failure to comply may expose employers to administrative sanctions and other legal consequences.



TYPES OF EMPLOYMENT RELATIONSHIPS

Indonesian law recognises several types of employment and work arrangements, each carrying different legal consequences for employers.



Permanent Employment (*Perjanjian Kerja Waktu Tidak Tertentu* or PKWTT)

This is the standard form of employment for ongoing roles. Employees engaged under a PKWTT are entitled to full statutory protections, including minimum wage, overtime (where applicable), social security coverage, and severance entitlements upon termination.



Fixed Term Employment (*Perjanjian Kerja Waktu Tertentu* or PKWT)

A PKWT may only be used for temporary, seasonal, or project based work and must comply with strict statutory requirements on duration and renewal.



Outsourcing

Certain non core functions (such as security, cleaning, or support services) may be outsourced to licensed service providers. In such cases, workers are formally employed by the outsourcing company rather than the user company, subject to conditions imposed under manpower regulations.



Independent Contractors/Freelancers

Individuals engaged as consultants or freelancers are not treated as employees, provided the relationship is genuinely independent and not subordinate in nature. If the working arrangement resembles an employment relationship in practice, it may be reclassified as employment, triggering labour law obligations.

COMPANY REGULATIONS AND COLLECTIVE LABOUR AGREEMENTS

Employers that do not have a collective labour agreement are generally required to adopt company regulations, which set out working conditions, employee rights and obligations, and internal policies. Company regulations must be prepared in accordance with statutory requirements and approved by the relevant manpower authority.

Where employees are represented by a registered labour union, employment terms may instead be governed by a collective labour agreement, negotiated between the employer and the union. Collective labour agreements take precedence over company regulations, provided they meet or exceed statutory minimum standards.

SOCIAL SECURITY (BPJS) OBLIGATIONS

Employers are required to register eligible employees with Indonesia's national social security schemes administered by the Social Security Administrative Bodies (*Badan Penyelenggara Jaminan Sosial* or BPJS), covering employment-related benefits and health insurance. Employer contributions are mandatory and calculated based on statutory formulas and employee remuneration.

Failure to comply with BPJS registration and contribution requirements may result in administrative sanctions and restrictions on access to certain government services.

TERMINATION RULES AND SEVERANCE FRAMEWORK

Termination of employment in Indonesia is regulated and generally requires lawful grounds and prescribed procedures. Depending on the circumstances of termination, employees may be entitled to:

- Severance pay;
- Long-service pay; and
- Compensation of rights, calculated in accordance with statutory formulas

Disputes arising from termination may be brought before the industrial relations dispute resolution bodies, including the industrial relations courts. Employers should therefore carefully assess termination risks and compliance obligations before implementing workforce restructuring or dismissal measures.



CONTRACTING WITH THIRD PARTIES

Commercial contracts in Indonesia are primarily governed by the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata*), which sets out general principles applicable to contractual relationships. These principles apply to both domestic and cross-border transactions, subject to mandatory statutory equirements and public policy considerations.



GOOD FAITH AND FREEDOM OF CONTRACT

Indonesian law recognises the principle of freedom of contract, allowing parties to structure their contractual arrangements as they see fit. This freedom is not absolute and is subject to statutory requirements, public order, and morality.

Contracts are binding on the parties and must be performed in good faith. The good faith principle applies not only to the performance of contractual obligations but may also influence contract interpretation and enforcement by Indonesian courts.

IMPLIED TERMS UNDER THE INDONESIAN CIVIL CODE

In addition to express contractual terms, Indonesian law recognises the concept of implied terms, which may arise by operation of law. Certain obligations may be implied into contracts even if not expressly stated, including obligations relating to fairness, reasonableness, and liability for hidden defects, unless validly excluded under applicable law.

Courts have discretion to interpret contracts by reference to the parties' intentions and prevailing legal principles, rather than solely on a literal reading of the contractual language.

PENALTY CLAUSES AND ENFORCEABILITY

Contracts may include penalty clauses that specify a fixed or pre determined amount payable in the event of breach. While such clauses are generally recognised under Indonesian law, courts may reduce the amount of a contractual penalty if it is considered disproportionate to the actual loss suffered or if a substantial part of the contractual obligation has already been performed.

Accordingly, penalty provisions should be drafted with care, particularly in long-term or high-value commercial arrangements.

LIMITATIONS OF LIABILITY

Parties may agree on limitations of liability, including caps on damages, exclusions of certain types of loss, or time limits for bringing claims. As a general principle, such limitations are enforceable under Indonesian law, provided they do not contravene mandatory legal provisions, public order, or morality.

In practice, limitations of liability are commonly used in commercial contracts, but their enforceability may be subject to judicial scrutiny in the event of a dispute.

AUTHORITY AND CAPACITY OF SIGNATORIES

A contract may be challenged if it is entered into by a person who lacks authority or legal capacity. It is therefore important to verify that individuals signing on behalf of a company are duly authorised in accordance with the company's articles of association and applicable corporate law.

In Indonesia, companies are typically represented by one or more directors, subject to any restrictions or approval requirements set out in the articles of association. Due diligence on signing authority is particularly important in high-value or long-term transactions.

LANGUAGE LAW COMPLIANCE

Indonesian law imposes mandatory language requirements on contracts involving Indonesian parties. Under Law No. 24 of 2009 on the National Flag, Language, Coat of Arms, and Anthem (Language Law), any agreement involving an Indonesian individual, Indonesian legal entity, or Indonesian government institution must be made in the Indonesian language.

The Language Law is implemented through Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language, which clarifies that where an agreement involves both Indonesian and foreign parties, the agreement may be prepared in dual-language format (Indonesian and a foreign language, commonly English). In such cases, the parties may agree on which language version shall prevail in the event of inconsistency.

While the Language Law does not expressly stipulate sanctions for non-compliance, Indonesian courts have, in the past, declared agreements void due to the absence of an Indonesian-language version. More recent judicial guidance emphasises the importance of good faith and has clarified that the absence of an Indonesian version does not automatically invalidate an agreement. Nevertheless, as a matter of prudent practice, contracts involving Indonesian parties are typically executed in Bahasa Indonesia, either as a standalone version or together with a foreign-language version.

> From a practical perspective, parties commonly sign the Indonesian-language and foreign-language versions simultaneously or on the same date to mitigate enforceability and compliance risks. Certain documents, particularly security documents required for registration with Indonesian authorities, must be executed exclusively in Indonesian and are not subject to waiver by the parties.

COMPLIANCE WITH ANTI MONEY LAUNDERING, COUNTER TERRORISM FINANCING, AND PROLIFERATION FINANCING REGULATIONS

Contracts entered into by Indonesian companies commonly include representations and undertakings to comply with applicable Anti money Laundering, Counter Terrorism Financing, and Proliferation Financing Regulations (*Anti Pencucian Uang, Pencegahan Pendanaan Terorisme, dan Pencegahan Pendanaan Proliferasi Senjata Pemusnah Massal* – APU, PPT, dan PPPSPM). Such clauses typically require the contracting parties to confirm that they are not involved in prohibited activities, to implement adequate internal compliance measures, and to cooperate with information requests or reporting obligations imposed by relevant authorities.



TAXATION LAW COMPLIANCE

Companies operating in Indonesia are subject to a comprehensive tax regime administered by the Directorate General of Taxes. Tax obligations apply to both domestic companies and foreign investment companies, including foreign entities conducting business through a permanent establishment or maintaining certain forms of presence in Indonesia.



CORPORATE INCOME TAX RATES AND INCENTIVES

Indonesian tax-resident companies are subject to corporate income tax on their worldwide income. Foreign companies conducting business activities in Indonesia through a permanent establishment are generally subject to the same tax treatment as resident companies in respect of Indonesian-sourced income.

A standard corporate income tax rate applies to taxable profits, subject to available tax incentives and reliefs. Certain incentives may be available for qualifying taxpayers, including reduced rates, tax allowances, or tax holidays, depending on factors such as business sector, investment value, location, or public-listing status. Eligibility for incentives is typically subject to regulatory approval and ongoing compliance with prescribed conditions.

INDIVIDUAL INCOME TAX FOR EXPATRIATES

Individuals who meet the criteria to be treated as Indonesian tax residents are subject to income tax on their worldwide income, whereas non-residents are generally taxed only on Indonesian-sourced income.

Expatriates working in Indonesia may be subject to individual income tax on employment income and other benefits received in connection with their Indonesian activities. Tax residency status, duration of stay, and the nature of remuneration arrangements are key factors in determining applicable tax obligations. Indonesia has entered into a number of double taxation treaties, which may provide relief from double taxation, subject to treaty conditions and documentation requirements.



WITHHOLDING TAX OBLIGATIONS (DOMESTIC AND CROSS-BORDER)

Indonesia operates a withholding tax system under which certain payments such as dividends, interest, royalties, service fees, and other specified income, are subject to withholding at source.

Withholding tax obligations apply to both domestic payments and cross-border payments to non-resident recipients. Payments to non-residents are generally subject to a higher statutory withholding rate, although reduced rates or exemptions may be available under applicable tax treaties, provided that the relevant eligibility requirements and administrative formalities are satisfied.

VAT AND EXEMPTIONS

Indonesia imposes Value-Added Tax (VAT) on the supply of taxable goods and services within Indonesia, as well as on the import of goods. Businesses meeting certain thresholds are required to register as VAT-able entrepreneurs and charge VAT on taxable supplies.

Certain goods and services may be subject to VAT exemptions or zero-rating, depending on their nature and applicable regulations. Compliance with VAT invoicing, reporting, and payment requirements is an important aspect of ongoing tax compliance.





OTHER TAXES

In addition to income tax and VAT, businesses may be subject to other taxes and duties, including:

- Land and building tax (*Pajak Bumi dan Bangunan*);
- Land and building transfer tax in connection with property acquisitions;
- Import duties and customs-related taxes;
- Excise duties on certain goods; and
- Stamp duty on specified documents.

The applicability of these taxes depends on the nature of the business activities, assets, and transactions undertaken.

COMPLIANCE EXPECTATIONS FOR FOREIGN INVESTMENT COMPANIES

Foreign investment companies are expected to maintain robust tax compliance, including registration with the tax authorities, timely filing of tax returns, accurate tax payments, and adherence to withholding and reporting obligations.

Tax compliance is increasingly integrated with other regulatory systems, and non compliance may result in administrative sanctions, penalties, interest, or restrictions affecting business operations. Foreign investors are therefore encouraged to assess tax implications at an early stage of investment planning and to monitor ongoing compliance requirements throughout the life of their Indonesian operations.

INTELLECTUAL PROPERTY OVERVIEW

Indonesia provides statutory protection for various forms of intellectual property through a registration-based system administered by the Directorate General of Intellectual Property (DGIP) under the Ministry of Law. Effective identification, registration, and management of intellectual property rights are important considerations for businesses operating in or entering the Indonesian market.

PATENT

Patent protection is available for inventions that are new, involve an inventive step, and are industrially applicable. Indonesia recognises both invention patents and simple patents (utility models).

Patent rights are granted through a registration process with the DGIP and confer exclusive rights to exploit the invention for a limited period. Patent protection is territorial in nature and only applies in Indonesia once registration has been granted.

TRADEMARK

Trademark protection is granted on a first-to-file basis. Registrable trademarks include signs capable of being represented graphically and distinguishing goods or services, such as words, logos, symbols, and combinations thereof.

Registered trademarks provide exclusive rights to use the mark and to prevent unauthorised use by third parties in connection with similar goods or services. Registration with the DGIP is therefore a key step in brand protection for businesses operating in Indonesia.

COPYRIGHT

Copyright protection in Indonesia arises automatically upon creation of a qualifying work, without the need for registration. Protected works include literary, artistic, musical, and audiovisual creations, among others.

Although registration is not mandatory, recordation of copyright with the DGIP is recommended, as it may serve as preliminary evidence of ownership in the event of a dispute and facilitate enforcement.

INDUSTRIAL DESIGN

Industrial design protection covers the aesthetic or ornamental aspects of products, such as shape, configuration, or composition of lines or colours. Protection is obtained through registration with the DGIP and is granted for a limited term.

Registered industrial designs provide exclusive rights to use the design and to prevent unauthorised exploitation by third parties.

TRADE SECRETS

Trade secrets are protected without registration, provided that the information:

- Is confidential;
- Has commercial value; and
- Is subject to reasonable measures to maintain its secrecy.

Protection depends largely on the effectiveness of contractual and organisational safeguards, such as confidentiality agreements and internal controls.

LAYOUT DESIGN OF INTEGRATED CIRCUITS

Indonesia provides protection for layout designs of integrated circuits through registration. Protection applies to original layout designs and is granted for a limited duration.

Registration with the DGIP is required to obtain statutory protection and to enforce rights against third parties.

ASSIGNMENT AND LICENSING OF INTELLECTUAL PROPERTY

Assignments and licences of intellectual property rights are generally permitted under Indonesian law. For certain types of intellectual property, recordation of assignments and licences with the DGIP is required or strongly recommended to ensure enforceability against third parties.

Failure to record an assignment or licence may limit its legal effect, particularly in disputes involving third parties or subsequent rights holders.

INDUSTRIAL AREAS INCLUDING SPECIAL ECONOMIC ZONES

Indonesia has developed a network of industrial estates and Special Economic Zones (SEZs) to support manufacturing, logistics, and export-oriented activities. These designated areas are intended to provide regulatory certainty, integrated infrastructure, and various incentives to facilitate domestic and foreign investment.



178 Industrial Estate Companies (IUKI)

Industrial estates are designated areas developed and managed by licensed industrial estate operators, designed to concentrate industrial activities within a defined location. They typically provide preapproved zoning, ready-to-use infrastructure, and centralised estate management.



25 Special Economic Zones





1 **Arun Lhoksumawe SEZ**
North Aceh Regency, Lhoksumawe City, Aceh
Export, Processing, Logistic Industry and Tourism



2 **Sei Mangkei SEZ**
Simalungun Regency, North Sumatera
Export, Processing, Logistic Industry and Tourism



3 **Batam Aero Technic SEZ**
Batam City, Riau Island
MRO Industry (Maintenance, Repair, Overhaul)



4 **Nongsa SEZ**
Batam City, Riau Island
Tourism and Digital



5 **Galang Batang SEZ**
Bintan Regency, Riau Island
Experation Processing Logistics and Energy Industry



6 **Tanjung Kelayang SEZ**
Belitung Regency, Bangka Belitung
Tourism



7 **Tanjung Lesung SEZ**
Pandeglang Regency, Banten
Tourism



8 **Lido SEZ**
Bogor Regency, West Java
Tourism



9 **Kendal SEZ**
Kandal Regency, Central Java
Export, Processing, Logistic and Industry



10 **Gresik SEZ**
Gresik Regency East Java
Metal, Chemical Energy Logistics, Electronics Industry



11 **Singhasari SEZ**
Malang Rigancy, East Java
Technology Development



12 **Sanur SEZ**
Denpasar City, Bali
Tourism and Healthcare



13 **Kura-kura Bali SEZ**
Denpasar City, Bali
Tourism and Creative Industry



14 **Mandalika SEZ**
Central Lombok Regency, NTB
Tourism



15 **Maloy Batuta Trans Kalimantan SEZ**
East Kutai Regency, East Kalimantan
Export Processing and Logistics Industry



16 **Palu SEZ**
Palu City, Central Sulawesi
Export Processing and Logistic Industry



17 **Likupang SEZ**
North Minahasa Regency, North Sulawesi
Tourism



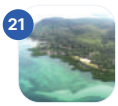
18 **Bitung SEZ**
Bitung City, North Sulawesi
Export Processing and Logistic Industry



19 **Morotai SEZ**
Morotai Island Regency, North Maluku
Export Processing and Logistic Industry



20 **Sorong SEZ**
Sorong Regency, Papua
Export Processing and Logistic Industry



21 **Tanjung Sauh SEZ**
Batam City, Riau Island
Processing Production, Distribution Logistic and Energy Development



22 **BSD SEZ**
Tangerang Regency, Banten
International Education, Technology, and Healthcare



23 **Batam Int'l Healthcare SEZ**
Batam City, Riau Island
Healthcare



24 **Setangga SEZ**
Tanah Bambu Regency, South Kalimantan
Production Processing, Distribution Logistics and Energy Development

OVERVIEW OF INDUSTRIAL ESTATES AND SEZS

Special Economic Zones or SEZs are specific areas within Indonesia's territory that are established to perform particular economic functions, such as manufacturing, trade, logistics, technology development, or tourism. SEZs operate under a special administrative and regulatory framework, often with dedicated authorities responsible for licensing and supervision.

PRIORITY SECTORS IN SEZS

SEZs are typically designed to promote priority economic sectors aligned with national development objectives. These sectors commonly include:

- Manufacturing and processing industries
- Export oriented production and logistics
- Technology based and innovation driven activities
- Energy, downstream industries, and value-added processing
- Selected service industries, depending on the SEZ's designation

Investors should review the specific designation and permitted activities of each SEZ, as sectoral focus may vary between zones.

TAX AND IMPORT DUTY INCENTIVES

Industrial estates and SEZs may offer a range of fiscal and non fiscal incentives, depending on the location, sector, and scale of investment. These incentives may include:



Tax Holiday
Full or partial corporate income tax reductions for 5–20 years for large investments in pioneer or strategic industries, with additional post-holiday reductions.



Tax Allowance
Income tax deductions, accelerated depreciation, reduced dividend withholding tax, and extended loss carry-forward for eligible sectors and regions.



Import Duty Exemption
Temporary exemption from import duties on machinery, goods, and materials used for industrial and service activities.



Super Tax Deduction
Enhanced tax deductions for investments in vocational training, research and development (R&D), and labour-intensive industries.

The availability and scope of incentives are subject to applicable laws, regulations, and approval by the relevant authorities.

EASE OF DIRECT CONSTRUCTION IN INDUSTRIAL AREAS (KLIK)

The Ease of Direct Construction in Industrial Areas programme (commonly referred to as KLIK) facilitates the early commencement of construction activities in designated industrial estates. Under Minister of Investment and Downstream Industry/Head of the BKPM Regulation No. 5 of 2025, this programme operates as a fast-track mechanism for industrial estates classified as high priority. The framework is further reinforced by Minister of Investment and Downstream Industry/ Head of BKPM Decree No. 161.S of 2026, which formally designates the industrial estates eligible for direct construction.

Through this mechanism, businesses may commence construction activities while certain licensing processes continue in parallel, subject to compliance with applicable requirements. This approach is intended to reduce delays associated with sequential permitting and to accelerate project implementation within approved industrial zones.

OTHER INCENTIVES

SEZs offer regulatory and administrative facilities to enhance ease of doing business:

- Immigration facilities, including extended Visa on Arrival and limited stay permits for foreign investors, employees, and their families.
- One-stop licensing services, where business licensing and administrative approvals are handled by the SEZ Administrator.
- Simplified building and environmental approvals, with building and environmental permits processed by the SEZ Business Entity.

- Enhanced land rights, including Right to Use (Hak Pakai) and Right to Build (Hak Guna Bangunan) for up to 80 years, with accelerated land procurement procedures.
- Foreign ownership rights, permitting foreign individuals to own property in tourism-designated SEZs, subject to applicable rules.

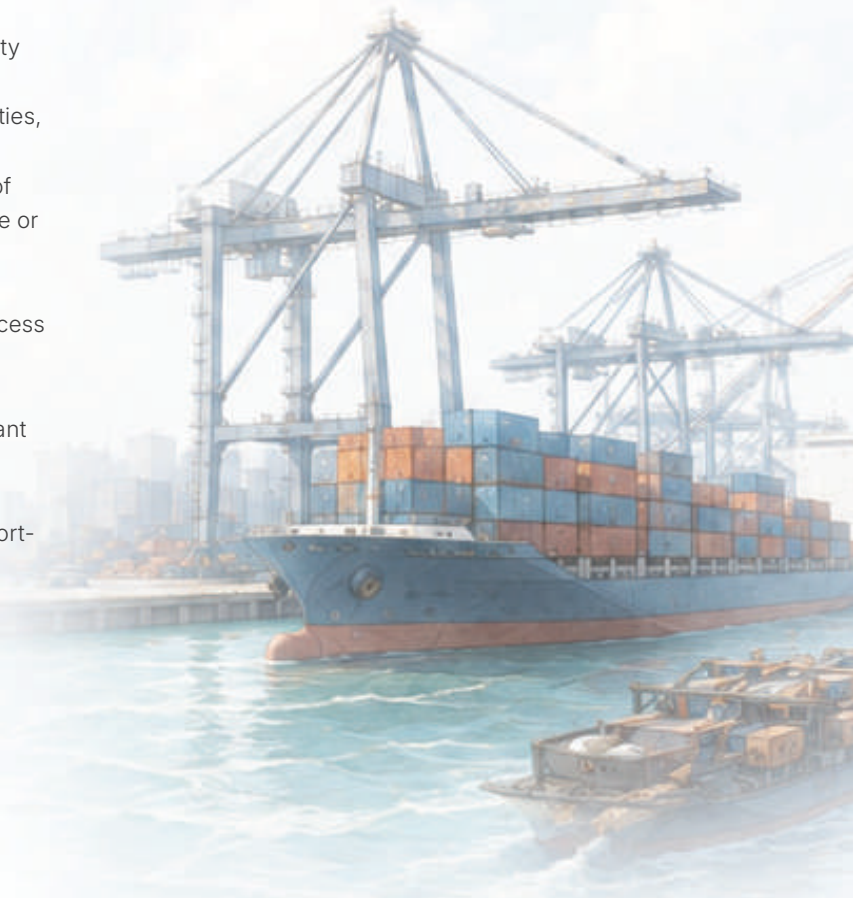


ASSESSING SUITABILITY OF ZONES FOR INVESTMENT

When evaluating industrial estates or SEZs, investors typically consider a combination of legal, operational, and commercial factors, including:

- Zoning and licensing certainty, including alignment with the intended business activities;
- Availability of incentives and associated eligibility requirements;
- Infrastructure readiness, such as access to utilities, ports, roads, and logistics facilities;
- Land tenure arrangements, including the type of land rights available and terms offered by estate or zone managers; and
- Operational efficiency, including administrative support, customs clearance processes, and access to labour.

Early engagement with zone operators and relevant government authorities can assist investors in assessing the suitability of a particular industrial estate or SEZ for manufacturing, logistics, or export-focused operations.



CLOSING REMARKS

Final Thoughts on Investing in Indonesia



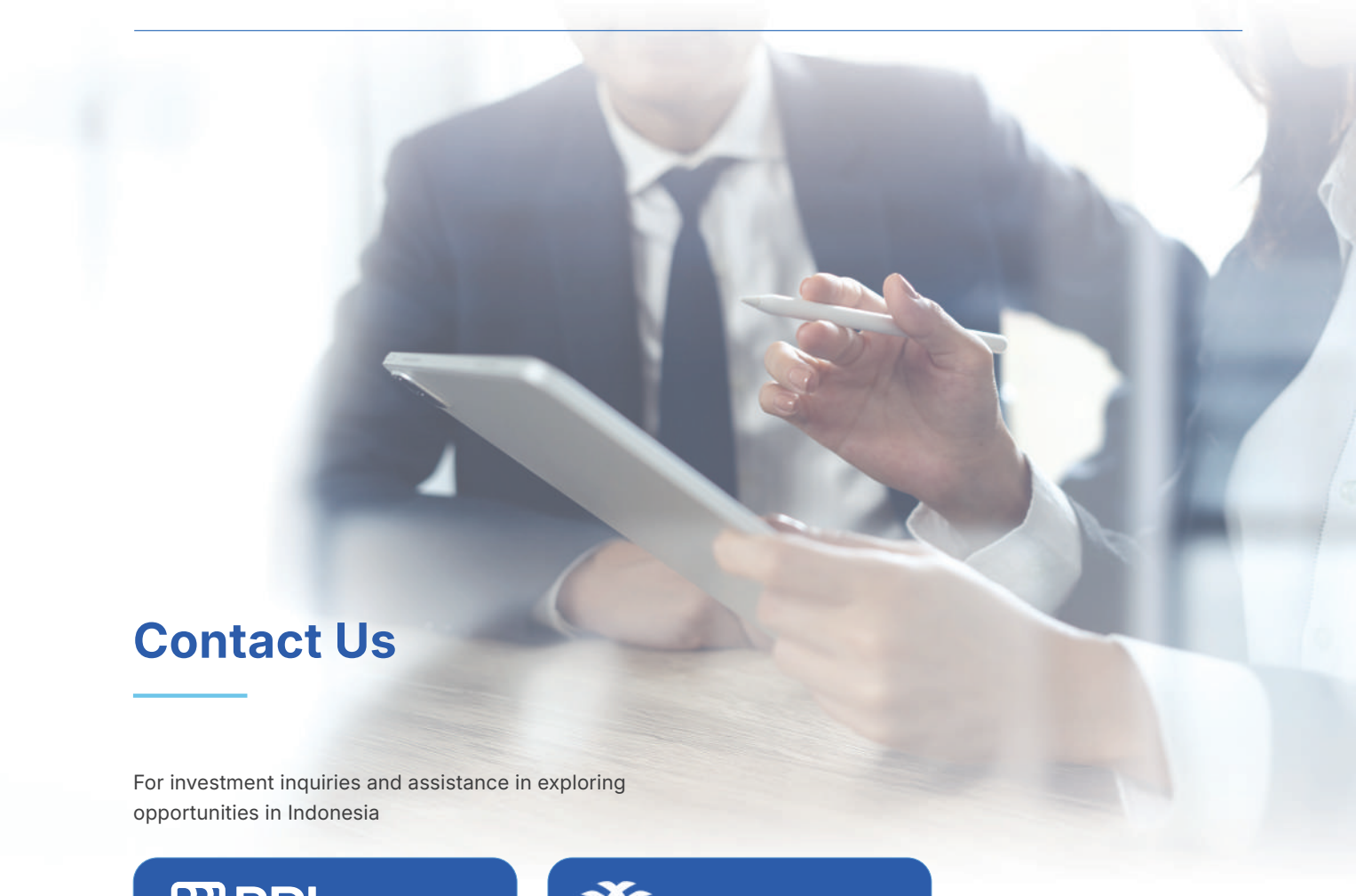
Indonesia continues to strengthen its position as a leading destination for foreign investment, underpinned by a large domestic market, sustained regulatory reforms, and a clear policy emphasis on industrial value creation and sustainable growth. While the legal and regulatory framework may appear complex at first glance, it is increasingly structured to deliver greater certainty, transparency, and alignment with international business practices.

This guidebook aims to provide a practical and commercially grounded overview of the key legal, regulatory, and commercial considerations relevant to doing business in Indonesia—from market entry and licensing, to employment, contracts, taxation, and ongoing compliance. Each section is designed to help investors identify regulatory requirements early, structure their operations appropriately, and navigate common execution risks with greater confidence.

As with any jurisdiction, successful investment in Indonesia requires careful planning, sector specific assessment, and continuous attention to compliance, particularly in areas such as licensing, labour, taxation, foreign exchange controls, and ESG. In this context, early engagement with experienced local advisers and constructive dialogue with regulators remain critical to achieving smooth market entry and sustainable operations.

Beyond regulatory readiness, successful investment also depends on strong local connectivity and the ability to integrate into Indonesia's dynamic business ecosystem. As Indonesia's largest bank by network and one of the country's most established financial institutions, Bank Rakyat Indonesia (BRI) is committed to supporting foreign investors throughout their investment journey. Through integrated banking solutions, transaction banking, trade finance, treasury services, supply chain financing, payroll solutions, and deep relationships with local businesses and communities, BRI serves as a trusted partner in connecting global investors with opportunities across Indonesia's diverse economic landscape.

With the right preparation and structuring, Indonesia offers long term opportunities across a wide range of sectors. We hope that this guidebook could serve as a practical starting point for informed decision making and confident participation in Indonesia's evolving investment landscape.



Contact Us

For investment inquiries and assistance in exploring opportunities in Indonesia

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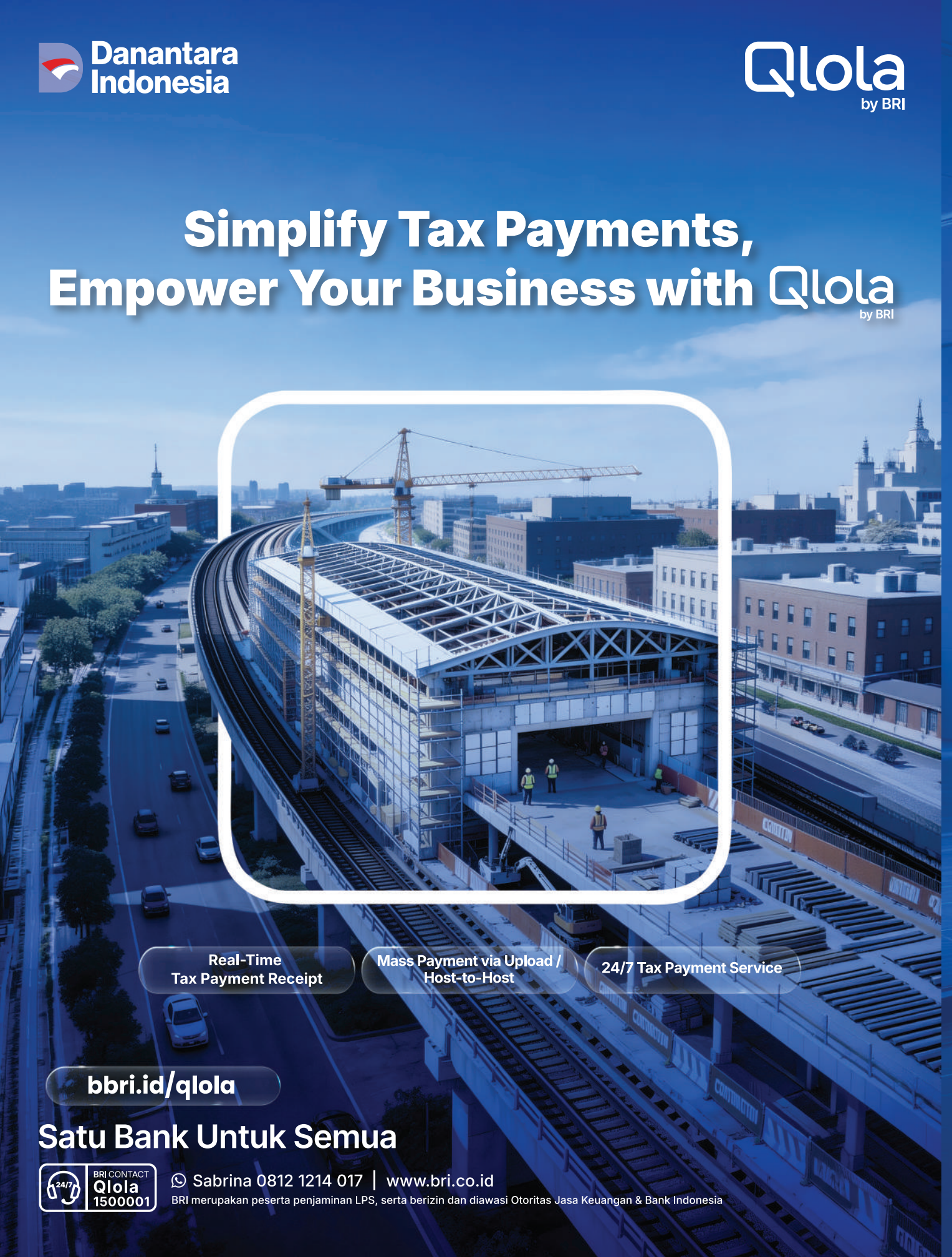
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Entering the Indonesian Market
A Legal and Investment Guide

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