Indonesia Investment Guide

The Legal Business Environment for Foreign Investors

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Disclaimer. This guide is for informational purposes only and does not constitute legal advice. Consult a qualified legal professional before making decisions that affect your business operations in Indonesia.

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Introduction

Purpose and Scope

Investing in Indonesia is challenging. Government websites, reports, and consulting studies highlight market opportunities and recent investment reforms, while minimizing the core difficulties of operating as a foreign investor in Indonesia's legal system. Existing guides prioritize investment promotion over reality.

This guide provides a general overview, key principles, frameworks, processes, and a broad analysis. It does not offer investment advice. Indonesia permits foreign investment, but on conditions: discriminatory treatment, regulatory uncertainty, and operations that depend on personal relationships. Understanding those conditions helps a foreign investor decide whether to enter the market and on what terms.

The guide focuses on key investment reforms since 2020, particularly the Omnibus Law on Job Creation, and on changes through 2026. The focus is on investment in a narrow sense: the legal and institutional framework for investment permission, not the broader framework for operational compliance.

This guide covers the legal and institutional framework for investment permission and the licensing steps of the investment life cycle. It is not a doing-business guide. The general business law that applies to any Indonesian company — tax, labour, immigration and customs — appears only where the framework or the life cycle requires it. Separate guides cover property and taxation. The full assessment of Indonesia's performance against the international indices is published separately.

Indonesia's 2020 investment reform reshaped the investment landscape, but it remains restrictive toward foreign investment. Investors must know how to navigate the new landscape. The reform liberalized market entry (in part) but did not abolish Indonesia's dual investment regime, which disadvantages foreign investors. This guide sets out the changes so that an investor can make an informed decision.

The 2020 reform replaced the licensing framework and liberalized foreign market access in several sectors. Foreign investors must understand that framework. It did not end the dual investment regime. A PMA company remains subject to restrictions, conditions, and reporting duties that do not apply in the same way to a domestic investor. Implementing regulations often impose or vary those measures after the investment has been made. Legal uncertainty and discretion in application, including corrupt practice, remain part of that environment.

Who this guide is for

The guide is written for the foreign investor. It assumes no knowledge of Indonesian law, institutions or political economy.

Investment, for this guide

Strategic foreign investment means an operational presence in Indonesia. It does not mean passive portfolio investment. The guide covers three forms:

- a subsidiary with 100 percent foreign ownership;
- equity of at least 10 percent in an Indonesian company;
- a joint venture with at least 10 percent foreign ownership.

The Guiding Principle: Restrictiveness towards foreign investment

Indonesia remains one of the most restrictive countries in the world towards foreign investment.

The OECD Foreign Direct Investment Regulatory Restrictiveness Index scores statutory limits — foreign equity caps, screening and approval requirements, restrictions on foreign personnel, and other operational restrictions — from 0, fully open, to 1, closed. Table 1 gives Indonesia's scores.

Table 1 — Indonesia in the OECD FDI Regulatory Restrictiveness Index

Measure	2018	2021–2023	What that means
Score (0 = open, 1 = closed)	0.48	0.28 in each of 2021, 2022 and 2023	The reform moved the score. It has not moved since.
Rank among the 104 economies measured	5th most restrictive	12th most restrictive	Indonesia is in the most restrictive 12 per cent of the sample.
Multiple of the sample median	5.7× (median 0.08)	3.3× (median 0.09 in 2021)	A typical economy in the sample scores about 0.09. Indonesia scores 0.28.
Multiple of the OECD-member average	9.6×	5.7× (average 0.05)	Statutory limits on foreign investment in Indonesia are several times tighter than in the average OECD member.

Source: OECD FDI Regulatory Restrictiveness Index, total — all activities, 104 economies. Scale 0, fully open, to 1, closed. No observation for 2019 or 2020. Ranks count economies with a higher total. Medians and averages calculated from the totals for the same year. As at 6 September 2026.

The index scores statutory discrimination only: equity caps, screening and approval requirements, restrictions on foreign key personnel, and other operational limits. It does not score the PT PMA capital floor, the minimum investment value of IDR 10

billion for each classification code at each project location, the quarterly investment activity report, the onshore retention of natural-resource export proceeds (Devisa Hasil Ekspor Sumber Daya Alam, DHE SDA), or an OSS-RBA refusal of an activity the Positive Investment List treats as open. None of those is in Table 1. They are why Indonesia can liberalise on the index and still restrict a foreign investor in practice.

How to use this guide

A reader with one question should go to the section that answers it. Investment regulations change quickly and often without notice. Check the official text before relying on it. Always consult lawyers, notaries and tax consultants.

1 Investment strategy and reform

Indonesia has no officially published foreign-investment strategy. The strategy must be inferred from the development plans, the Constitution, and administrative practice.

Indonesia's investment strategy has to reconcile two conflicting objectives. It needs to attract foreign investment but wants to restrict it.

On the one hand, the government wants and needs foreign capital because development plans cannot be funded by domestic savings and the state budget alone.

On the other hand, it restricts foreign investment to be self-sufficient, protect its own businesses, and control strategic production and natural resources.

1.1 No officially published strategy

Pembangunan Jangka Panjang Nasional, RPJPN). The objective is high-income status by 2045 (Indonesia Emas 2045). The plan depends on foreign investment.

Presidential Regulation No. 12 of 2025 enacts the National Medium-Term Development Plan 2025–2029 (Rencana Pembangunan Jangka Menengah Nasional, RPJMN). Four of the administration's missions (Asta Cita) affect investment: self-sufficiency in food, energy, and water; onshore processing and industrialization; employment; and the digital, green, and blue economies.

The Ministry of Investment and Downstreaming / Investment Coordinating Board (Kementerian Investasi dan Hilirisasi / Badan Koordinasi Penanaman Modal, BKPM) sets investment policy and administers investment laws and regulations.

1.2 Economic nationalism and the four underlying policies

Economic nationalism has been the dominant strategy since Indonesia's independence and is enshrined in the Constitution.

Article 33 states that the state controls strategic industries and natural resources. The Constitutional Court has held that the state must retain the power to regulate those sectors, review an investment, and revoke the right. Foreign investment per se is not prohibited. The Court is the gatekeeper for economic nationalism, and it has reversed several investment reforms (see below 1.3). It has struck down statutes that opened a sector or granted land rights and their extensions in a single act, so the state could not review the investment before extending the right. It has done so in electricity, oil and gas, water, and Article 22 of the Investment Law.

Four policies follow from this fundamental principle, and each one restricts foreign investment.

- Import substitution. Local-content minima, food self-sufficiency targets, and licenses that require domestic purchasing.
- Onshore processing (downstreaming). Raw materials must be processed in Indonesia before export.
- Protection of state-owned enterprises. Reserved lines of business, priority in granting licenses, and Danantara (Badan Pengelola Investasi Daya Anagata Nusantara) as the state's investment vehicle (Law No. 1 of 2025).
- Protection of micro, small, and medium enterprises (Usaha Mikro, Kecil dan Menengah, UMKM). Activities treated as reserved in practice, even where the Positive Investment List leaves them open.The restrictions apply where the activity would keep processing outside Indonesia, compete with a state enterprise, or is treated as reserved for small business.

1.3 The 2020-2023 investment reform

Law No. 11 of 2020 on Job Creation amended 79 statutes to attract investment, particularly foreign investment. In Decision No. 91/PUU-XVIII/2020 the Constitutional Court held that the Law had not been validly enacted under Law No. 12 of 2011. Parliament replaced it with Law No. 6 of 2023, which is the statute now in force.

The negative investment list was reversed. Presidential Regulation No. 10 of 2021, as amended by Presidential Regulation No. 49 of 2021, replaced the Negative Investment List with the Positive Investment List. A sector is now open to foreign investment unless it is closed. The number of closed sectors fell from twenty to seven. Foreign ownership limits were removed in telecommunications and information technology, construction, oil and gas services, power generation and distribution, wholesale and retail, plantations, and transport.

Licensing became risk-based and electronic. Every business activity is classified by risk, and the risk level determines which licensing is required and who decides. The system is facilitated through an online platform, the OSS-RBA (Online Single Submission — Risk-Based Approach), and is now governed by Government Regulation No. 28 of 2025.

The government offered tax incentives and holidays to qualifying investors.

1.4 Measures indicating a rollback of the reform

The reform, among other things, changed how an investor applies and, for specified activities, whether the list treats those activities as open. Conflicting policy objectives and discriminatory rules for foreign investors did not change.

The Constitutional Court intervened twice, and ministerial regulations changed the operating conditions, for example:

Export and proceeds. The export of raw nickel ore was prohibited in 2020; the export of bauxite and copper concentrate was prohibited in 2023. The license holder must build smelter capacity and supply the domestic market.

Government Regulation No. 24 of 2026 requires exporters of coal, crude palm oil, and ferroalloys to report to Danantara Sumberdaya Indonesia starting in June 2026 and, by no later than January 1, 2027, to export only through that entity. The government later said the entity would act as a facilitator. The regulation has not been amended.

Separately, Government Regulation No. 36 of 2023, as amended by No. 21 of 2026, requires specified natural-resource exporters to place export proceeds in the Indonesian financial system. For mining other than oil and gas, the ordinary rule is twelve months. Article 18A of No. 21 of 2026 is an exception for exporters who meet stated conditions.

Mining licenses and ownership. Mining Law No. 2 of 2025 gives state enterprises, cooperatives, and small businesses priority in license grants. A company in production must already reduce foreign ownership to 49 percent through staged divestment. That new obligation stems from the Mining Law, as amended in 2020, and from Government Regulation No. 96 of 2021.

Paid-up capital for a foreign-owned company was set at IDR 10 billion in 2021 and reduced to IDR 2.5 billion by Minister of Investment Regulation No. 5 of 2025. Chapter 2 includes the figures and the separate minimum investment value.

Investment Licenses refused in Bali even though the list is open

A foreign investor applies for a business license for an activity that the Positive Investment List treats as open. The licensing platform can still reject the application. No statute, government regulation, or ministerial regulation needs to close the activity. There is no published legal basis for the blockage. In May 2026, eighteen business-classification codes in Bali were blocked on OSS-RBA at the province's request. No statute or regulation closed them. The list still treated the activities as open. The platform would not accept the application. The list states whether written law admits the investor. It does not state whether the system will accept the filing or on what terms the company may operate after entry.

TAKEAWAY

- Indonesia publishes no official foreign investment strategy. The strategy can be inferred from development plans and policy.
- The 2020 reform opened more activities to foreign ownership and moved licensing onto an electronic platform.
- The four policies opposing foreign investment have been strengthened since.
- The Constitutional Court reads Article 33 as a limit on statutes that open a sector. Decision No. 91 is a separate finding that Law No. 11 of 2020 was not validly enacted under Law No. 12 of 2011.
- An activity that is open on the list can still be blocked on the licensing platform.
- The state still seeks foreign capital. It still reserves markets, requires onshore processing, and channels strategic exports through state entities.
- The trend: the state seeks large investors and discourages small ones.

2 Legal and Institutional Framework

Investment is governed by Law No. 25 of 2007 on Capital Investment, as amended by the Omnibus Law No. 6 of 2023 on Job Creation. The company is formed under Law No. 40 of 2007 on Limited Liability Companies, complemented by the Law on Investment

Presidential, government, and ministerial regulations set the conditions for operation. Various business and sector laws govern operations and different stages of the investment cycle, such as tax, immigration, manpower, and customs.

Chapter 3 sets out the generic investment process and the laws and regulations that govern it. Annex B lists other sources, all available online.

2.1 Laws and regulations governing investment

This section outlines the generic investment framework and core principles. It is not an inventory of Indonesian laws governing investment from start to finish. The guides in Annex B are better suited for that purpose.

2.1.1 The governing statutes

These are the statutes needed to start a business, each as amended:

- Omnibus Law on Job Creation, Law No. 6 of 2023
- Law No. 40 of 2007 on Limited Liability Companies
- Law No. 25 of 2007 on Capital Investment
- Law No. 6 of 2011 on Immigration, as amended by Law No. 63 of 2024
- Law No. 6 of 1983 on General Provisions and Tax Procedures

The list as mentioned is not exhaustive.

2.1.2 The discriminatory investment regime faced by a PT PMA

Indonesian investment law separates foreign investment, *Penanaman Modal Asing* (PMA), from domestic investment, *Penanaman Modal Dalam Negeri* (PMDN). This separation drives most of what follows in this guide.

Foreign investors must comply with obligations and requirements that do not apply to domestic investors: form, permitted activities, capital, and reporting. Because foreign and domestic investors are treated differently, the term discrimination is appropriate. See also Table 2.

The PT PMA is inflexible and incurs high administrative costs. *Perseroan Terbatas* is usually translated as a limited liability company, but legally operates as a joint-stock company: capital divided into shares, a general meeting of shareholders, a board of directors, and a board of commissioners. This makes the business form inflexible. Every change of capital, shareholders or directors requires a notarial deed,

approval by or notification to the Ministry of Law, and an update to the licensing records. Each step costs a fee and management time.

Capital. Issued and paid-in capital must be at least IDR 2.5 billion and must remain in the company's account for twelve months after payment. It may be used only to buy assets, construct buildings, or fund operations.

Scale. A PT PMA is always classified as a large enterprise because of the mandatory capital requirement and the fiction stated in the law, regardless of its actual size. Thus, a foreign-owned restaurant is treated the same as a mining company. The exemptions and lighter obligations available to micro, small, and medium enterprises do not apply.

Closed and limited business fields. The Positive Investment List, Presidential Regulation No. 10 f 2021 as amended by Presidential Regulation No. 49 of 2021, determines whether a sector is open. It enumerates closed fields, ownership caps, partnership requirements with cooperatives and micro, small and medium enterprises, and divestment obligations. More than forty business fields remain subject to specific limitations.

An open classification code does not confer market access. Where the state holds an exclusive import right, or a state-owned enterprise owns the network, the license is worth little. The state-owned utility owns electricity transmission and distribution and buys all output. The state holds the import right for staples such as rice and sugar.

Minimum investment value. The company must commit investment of more than IDR 10 billion for each five-digit business classification code, *Klasifikasi Baku Lapangan Usaha Indonesia* (KBLI), at each project location. Land and buildings are excluded from the figure, except in property, accommodation, agriculture, plantation, livestock and aquaculture, where they count.

Table 2 — Foreign investment compared with domestic investment

Criteria	Foreign investment company (PT PMA)	Domestic investment (PMDN)	Source
Sectoral access	Closed fields, ownership caps, conditions and divestment obligations enumerated in the Positive Investment List. Fields reserved to cooperatives and to micro, small and medium enterprises are closed in effect, because a PT PMA is always a large enterprise. Open only in partnership with those enterprises in a further group of fields.	The same fields are closed. Reserved fields are open to domestic cooperatives and to micro, small and medium enterprises. A large domestic enterprise faces the same partnership requirement.	Presidential Regulation 10/2021 jo. 49/2021
Market access in practice	The code can be open while the market is shut. The state-owned utility owns electricity transmission and distribution and buys all output; the state holds the import right for staples such as rice and sugar.	Same controls. Different for state entities and their appointed partners hold the allocation.	Sectoral statutes and trade licensing rules
Enterprise scale (micro, small, medium, and large)	Always a large enterprise, stated as such in the regulation. The exemptions and lighter duties available to micro, small and medium enterprises never apply.	Different for classified micro, small, medium or large according to net worth and annual turnover. Exemptions apply to micro, small, and medium enterprises.	Minister of Investment Regulation 5/2025 art. 26(1); Government Regulation 7/2021
Minimum capital	Authorised capital commonly stated in the deed as IDR 10,000,000,000. Issued and paid-in capital must be at least IDR 2,500,000,000, held in the company's account for twelve months from payment, and used only to buy assets, construct buildings or fund operations.	Different. No statutory minimum. The founders set the authorised capital; at least 25 percent must be issued and paid in.	Minister of Investment Regulation 5/2025 arts. 26(10), 27; Company Law 40/2007 art. 33
Minimum investment value	More than IDR 10,000,000,000 per five-digit classification code at each project location, excluding land and buildings. Wholesale trade and construction: per the first four digits. Food and beverage services: per the first two digits, per outlet. An industry making several products on one production line counts as one. In property, accommodation, agriculture, plantation, livestock and aquaculture, land and buildings count toward the figure. This is expenditure, not capital.	Different. Not applicable.	Minister of Investment Regulation 5/2025 art. 26

Criteria	Foreign investment company (PT PMA)	Domestic investment (PMDN)	Source
Investment reporting	Quarterly, being large scale. Deadlines 15 April, 15 July, 15 October, 15 January.	Different. Small enterprises report semi-annually; medium and large quarterly; micro enterprises are exempt.	Minister of Investment Regulation 5/2025
Sanction for failure to report	Written warning, suspension of the business licence, revocation, and loss of access to the Online Single Submission system.	Different. Subject to scale.	Minister of Investment Regulation 5/2025; Government Regulation 28/2025
Land rights	The right to build (*Hak Guna Bangunan*) and the right to cultivate (*Hak Guna Usaha*), not freehold (*Hak Milik*); Hak Pakai limited for commercial purposes. See the separate property guide.	Different for personal run businesses run by Indonesian Individuals and legal entities	Basic Agrarian Law 5/1960; Government Regulation 103/2015; Government Regulation 18/2021
Supervision	Monitoring, audit and inspection by the investment authority and the sector ministries.	Different. Subject to scale and risk.	Government Regulation 28/2025

Sources: the instruments named in each row. As at 3 September 2026.

2.1.3 Public law and private law

Public law governs the relationship between a business and the government. It sets out requirements, prohibitions, sanctions, authorizations, rights, and concessions. Disputes go to the administrative court. Public law is the entry point for government misuse and, therefore, the main source of corruption.

Private law governs relations between businesses and individuals — contract law above all. Disputes go to the civil courts.

The distinction matters because it tells an investor which risk he faces (government vs. business) and which jurisdiction decides it (administrative court vs. civil court).

2.1.4 Hierarchy of norms

The hierarchy of norms, a key legal doctrine, is essential for the Rule of Law. It first states that every law must be authorized by a higher-ranking law, and determines

which law prevails when two legal norms conflict. Higher law prevails over lower law. Later law prevails over earlier law. More specific law prevails over more general law.

The formal hierarchy of law is set out in Article 7 of the amended Law No. 12 of 2011, in this order: the 1945 Constitution; Decrees of the People's Consultative Assembly; statutes and government regulations in lieu of statute; government regulations; presidential regulations; provincial regulations; and regency or city regulations.

2.1.5 Ministerial and agency regulations

Ministerial and agency regulations are not listed in Article 7. Article 8(1) of Law No. 12 of 2011 treats them as binding if issued under a parent instrument or lawful authority. Minister of Investment Regulation No. 5 of 2025 sets capital, investment value, documents, and the mapping of classification codes to risk. A ministerial regulation may be issued, amended, or revoked without a statute. It may lack a sufficient enabling provision. Review is limited (2.1.6).

2.1.6 Judicial review

The judiciary is the independent referee that interprets the laws when two or more parties disagree. When an investor claims that laws, regulations or government actions based on these laws violate his rights, he can either go to the Constitutional Court or the Supreme Court, depending on the legal instrument (2.1.4 and 2.1.5)

The Constitutional Court reviews statutes against the Constitution. Its decisions bind generally. The Supreme Court reviews instruments below statute, including ministerial regulations (Article 24A(1) of the 1945 Constitution; Article 9(2) of Law No. 12 of 2011). Annulment is intended to remove the instrument, but the issuing ministry may republish the rule in another instrument. Adjudication is slow and rare.

Most investors therefore comply rather than challenge, to avoid further government scrutiny and trouble with business partners.

TAKEAWAY

- The 2020 investment reform amended 79 statutes. It did not consolidate them.
- Law No. 25 of 2007 governs investment. The remaining rules are spread across sectoral statutes, government regulations and ministerial regulations.
- Most of the rules an investor meets are ministerial. They fall outside the hierarchy in Article 7 of Law No. 12 of 2011.
- A ministry may issue, amend or revoke them without legislation and without notice.
- Non-retroactivity of regulations in principle, disregarded in administrative practice]
- Judicial review is available against administrative acts and against regulations. In practice it is rarely used.
- The regime is discriminatory. A PT PMA has obligations a domestic company of the same size does not.

2.2 Institutional framework

National and subnational agencies co-administer the laws and regulations governing investment. Two features of the institutional framework are relevant to investors.

In most cases, districts and cities implement investment-related laws. They issue licenses, inspect businesses, and impose sanctions. A business's location determines which government agency it interacts with. The choice of location is therefore an important investment decision.

National government agencies issue implementing regulations for broad framework laws (2.1.5). Those rules change frequently and without notice, so an investor cannot rely on the rules that applied when he entered. National agencies also coordinate, facilitate, and supervise subnational agencies.

The lead institution for investment is the Ministry of Investment and Downstreaming (*Kementerian Investasi dan Hilirisasi*), which retains the name and functions of the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, BKPM). BKPM operates the national licensing platform, the Online Single Submission – Risk-Based Approach (OSS-RBA) system (oss.go.id).

2.2.1 Government agencies at the national level

Each ministry drafts the implementing regulations for the laws it administers. This may include delegations to the subnational level, which then drafts local implementing regulations (PERDA).

Ministries rarely coordinate their rules or systems with one another. Each maintains its own regulations, procedures, and e-platform. The result is conflicting regulations, duplicated processes across agencies that do not recognize one another's decisions, and no institution tasked with reconciling them. Consequently, investors often have to navigate conflicting and duplicative regulations.

Institutional names change frequently. BKPM was a board until April 28, 2021, when it became the Ministry of Investment, and was renamed the Ministry of Investment and Downstreaming in October 2024. In the same reshuffle, the Ministry of Law and Human Rights was divided into three, including the Ministry of Immigration and Corrections, and the Ministry of Environment and Forestry was divided into two. Regulations issued under the old names remain in force. Check sources more than two years old against the authorized institution.

Investment rules are (mostly) national. The center sets the classification of business activities, the conditions under which a foreigner may enter a sector, the risk classes, and the licensing platform, and these rules apply in every district (2.1.2, 2.2.4). The subnational level implements them through the OSS-RBA.

A few tasks remain central. The ministries administer them through their own regional offices rather than through regional government, a system called deconcentration (*dekonsentrasi*). An investor encounters two areas: taxation and immigration. Tax offices report to the Directorate General of Taxes (*Direktorat Jenderal Pajak*) in the Ministry of Finance, and immigration offices report to the Ministry of Immigration and Corrections (*Kementerian Imigrasi dan Pemasyarakatan*). Regional government has no authority.

2.2.2 The Ministry of Investment and Downstreaming / BKPM

BKPM is the lead institution for investment in the narrow sense. For ease of discussion, this guide refers to BKPM. It coordinates investment policy across line ministries and operates the OSS Agency, which runs the OSS-RBA platform. It issues the business identification number (Nomor Induk Berusaha, NIB) for every business in Indonesia. It does not issue sectoral licences; that authority remains with the sectoral ministry or the regional government.

2.2.3 Government agencies at the sub-national level

Districts and cities, provinces, and the central government co-administer investment authority. The project's scope and location determine which level makes the decision.

The central government issues the business license. BKPM, through OSS-RBA, issues the NIB and the Perizinan Berusaha for a PT PMA.

The district or city issues only the basic site licenses: KKPR, environmental approval, PBG, and SLF.

The province issues those same requirements when the site spans more than one district or city.

The investor files both on OSS-RBA. BKPM reviews the company data and issues the business license. If site-related licenses are required, BKPM forwards the application through OSS-RBA to the regional DPMPTSP at the site location. DPMPTSP is the one-stop shop. It forwards the application to public works or the environmental agency.

2.2.4 OSS-RBA and risk classification

BKPM operates OSS-RBA (Online Single Submission — Risk-Based Approach), the national business-licensing platform. Investors file on oss.go.id. Every investment activity must match a KBLI code (Klasifikasi Baku Lapangan Usaha Indonesia, Indonesian Standard Classification of Business Fields). That code determines the risk class.

BKPM/OSS-RBA issues the NIB, a business identification number. The risk class determines the degree of the business license:

- low risk: the NIB; the identification number is the license
- medium-low risk: NIB and standard certificate, on the applicant's declaration;
- medium-high risk: NIB and a verified standard certificate;
- high risk: NIB and a license.

At medium-high and high risk levels, the NIB authorizes only preparation. The company may not operate until the certificate is verified or the license is issued.

Table 3 — Risk class and deciding authority

Risk class	Who decides
Low	BKPM. BKPM issues the NIB through OSS-RBA. The NIB is the general business licence.
Medium-low	BKPM, on the applicant's declaration. BKPM issues the NIB and the standard certificate through OSS-RBA.
Medium-high	The sectoral ministry or the district or city verifies. BKPM issues the licence in that authority's name.
High	The sectoral ministry or the district or city decides. BKPM issues the licence in that authority's name.

Source: Government Regulation No. 28 of 2025.

2.2.5 The other platforms relevant for investment

OSS-RBA covers only the general risk-based business license. Separate rules govern everything else an investor must do, set by different authorities and filed on different platforms. A foreign-invested company can therefore engage with ten or more government platforms. Some route through OSS-RBA; most do not.

Table 4 — Government e-platforms a foreign-invested company must use

Platform	Authority	Function	Access
OSS-RBA — oss.go.id	BKPM	Business licensing. Classifies risk, issues the NIB, routes applications to the competent authority.	Direct; primary entry point
AHU Online — ahu.go.id	Directorate General of General Legal Administration (*Administrasi Hukum Umum*, AHU), Ministry of Law	Company formation: name reservation, deed of establishment, ministerial approval, beneficial-ownership reporting. Completed before OSS-RBA, normally by a notary.	Direct; prerequisite
Coretax — coretaxdjp.pajak.go.id	Directorate General of Taxes	All tax filings: corporate and personal income tax, value added tax, withholding tax. Replaced the previous e-filing systems on 1 January 2025.	Direct
eVisa — evisa.imigrasi.go.id	Ministry of Immigration and Corrections	Visa applications and stay permits: the limited stay permit (*Izin Tinggal Terbatas*, ITAS) and the permanent stay permit (*Izin Tinggal Tetap*, ITAP). Replaced the Molina portal.	Direct
SIMBG — simbg.pu.go.id	Ministry of Public Works	Building Management Information System (*Sistem Informasi Manajemen Bangunan Gedung*). Building approval (PBG) and certificate of worthiness of function (SLF). The application begins in OSS-RBA; document submission, technical review and verification take place in SIMBG.	Begins in OSS-RBA, decided in SIMBG

Platform	Authority	Function	Access
Amdalnet — amdalnet.menlhk.go.id	Ministry of Environment (*Kementerian Lingkungan Hidup*)	Environmental approval: environmental impact assessment (*Analisis Mengenai Dampak Lingkungan*, AMDAL), environmental management and monitoring efforts (UKL-UPL), or statement of undertaking to manage and monitor the environment (SPPL). Integrated with OSS-RBA.	Via OSS-RBA
SIMPEL — simpel.kemenlh.go.id	Ministry of Environment	Electronic Environmental Reporting Information System (*Sistem Informasi Pelaporan Elektronik Lingkungan Hidup*). Environmental reporting after the approval issues. Separate from Amdalnet.	Direct
GISTARU — gistaru.atrbpn.go.id	Ministry of Agrarian Affairs and Spatial Planning / National Land Agency	Spatial planning geographic information system. Spatial plans and zoning maps, used to establish spatial utilisation conformity (KKPR).	Reference; KKPR decided in OSS-RBA
eDabu — edabu.bpjs-kesehatan.go.id	Health Social Security Agency (*BPJS Kesehatan*)	Employer registration, monthly contributions and employee data for health insurance.	Direct
BPJS Ketenagakerjaan — bpjsketenagakerjaan.go.id	Employment Social Security Agency (*BPJS Ketenagakerjaan*)	Work accident, death, old-age and pension benefits. Initial registration may route through OSS-RBA; ongoing compliance is direct.	Direct
WLKP — wajiblapor.kemnaker.go.id	Ministry of Manpower	Mandatory company manpower report (*Wajib Lapor Ketenagakerjaan Perusahaan*). Annual and event-based reporting.	Direct

Platform	Authority	Function	Access
TKA Online — tka-online.kemnaker.go.id	Ministry of Manpower	Foreign workers. Approval of the foreign worker utilisation plan (*Rencana Penggunaan Tenaga Kerja Asing*, RPTKA) and payment of the foreign worker compensation levy (DKPTKA). Applies only to companies employing foreign nationals.	Direct
INSW — insw.go.id	Indonesia National Single Window Agency	Import, export, customs and quarantine. Applies only to companies trading across the border.	Direct

Source: Hauerstein Consulting, "Government E-Platforms for Foreign-Invested Companies in Indonesia". As at 2 September 2026.

TAKEAWAY

- Investment rules are national. The centre sets the classification of activities, the conditions of foreign entry, the risk classes and the platform.
- For a PT PMA, BKPM issues the NIB and the business licence through OSS-RBA. The district or city issues only the site licences: KKPR, environmental approval, PBG and SLF.
- The district or city also inspects the business and imposes sanctions. Where the business is located therefore decides which agency it deals with.
- The investor files both applications on OSS-RBA. Site applications are routed to the DPMPTSP, the one-stop shop in the district or city where the site is.
- Each agency drafts the regulations it administers. The agencies do not coordinate, and no institution reconciles the conflicts between them.
- OSS-RBA covers the general risk-based business licence and nothing else. A foreign-invested company deals with ten or more government platforms, and most do not route through OSS.

3 Starting, Operating, Expanding, and Closing an Investment

Every country regulates how business is conducted. The legal and institutional framework may facilitate or hinder the process. Unnecessary laws, inefficient processes, red tape, and corruption hinder investment. Even after the investment reform, these issues remain. Nevertheless, procedural improvements have been made. The licensing process has improved since the reform: the platforms are electronic, and the steps and timelines are published.

However, the processes are still not fully established. Officials still find ways to exercise their discretion and extort money. Informal payments are still common.

Most investors delegate compliance to an agent and hope for the best. That is the mistake. The obligations are personal. You will be deported, not your agent. An investor needs to understand the fundamental processes to make an informed decision.

Part 3 sets out the four stages and gives five questions to ask at each one, so that the investor directs the process.

3.1 How to use this part

3.1.1 The investor must know the fundamentals of investing in Indonesia

An investment is a life cycle. A foreign-owned company — a PT PMA — is established, operates, grows, and eventually closes, with Indonesian law governing each stage.



Figure 1 — The four stages of the investment life cycle. Source: Author. As at 4 September 2026.

There is a saying: trust is good; control is better. Investors rely too heavily on their agents. The agent does the work, but the company and its directors bear the risk. Sanctions are imposed, licenses are revoked, and directors are deported. Charges are brought against the investor, but the agent is not charged.

An investor need not file the applications himself. He does need to know which stage his investment is in, what the main requirements are, and which questions to ask the people he pays. This part breaks down each stage into five questions.

3.1.2 Immigration: a continuing obligation at every stage

One obligation is outside the above-mentioned sequence. Every foreign national in Indonesia must hold a valid stay permit throughout their stay — in most cases, a limited stay permit (Izin Tinggal Terbatas, ITAS) or a permanent stay permit (Izin Tinggal Tetap, ITAP). The company serves as the sponsor and has corresponding reporting duties.

3.2 Business start

3.2.1 The business classification code (KBLI)

Starting a business follows a process. The business classification code (KBLI) the investor chooses determines whether the activity is open to foreign investment, the required investment amount, and the applicable risk level. The risk level determines the scope of the general business licence. If the code is incorrect, everything that follows is incorrect.

The code defines the scope of the investment. The Positive Investment List indicates whether the activity is prohibited, open, or open under conditions — such as an ownership cap, a partnership requirement with a small or medium enterprise, or an obligation to divest shares over time. The same code also sets the risk level and, through it, the license. It is also the unit to which the minimum investment value applies, code by code and location by location (3.4.2).

The classification changed in 2025: KBLI 2025 replaced KBLI 2020 in the licensing system. As of 4 September 2026, existing registrations are being converted to the new codes.

3.2.2 The two paths: No land/building vs. land/building

Starting a business involves four steps: choose the code, establish the company, obtain the general risk-based business license, and comply with the operational framework.

An investor who buys land and builds requires five steps. His extra step is to obtain site-related permits—spatial, environmental, and building approvals, plus any others listed in the NIB.

The business identification number (Nomor Induk Berusaha, NIB) identifies the company as a business entity. OSS-RBA issues it upon registration. It serves as the company's registration for licensing purposes, and at low risk it also functions as the business license itself. No further steps are required before trading.

The standard certificate (Sertifikat Standar) confirms that the business meets the standards set for its activity. Sectoral regulations set those standards—technical, safety, health, environmental, or operational —depending on the business's activities. The certificate records that the business complies with the conditions for operating at that location.

What separates the two middle risk classes is who confirms that compliance.

At medium-low risk, the company declares through OSS that it meets the standards, and the certificate is issued solely on that declaration. No official examines it first. The declaration binds the company. A false declaration is grounds for sanction, and supervision follows (3.3.2).

At medium-high risk, the company makes the same declaration, but the certificate does not authorize operation until the competent ministry, agency, or regional government verifies that the standards are met. Verification is a government decision. Until it is completed, the NIB permits only preparation — construction, hiring, and procurement — not trading.

For high-risk activities, the government decides whether the business may operate at all. A license (Izin) is granted only after the responsible authority assesses the activity, which, for most high-risk activities, includes environmental approval. A high-risk business may also need standard certificates for specific products or processes in addition to the license.

The practical difference for an investor is who bears the risk and the delay. At low and medium-low risk, there is no delay; he begins trading based on his own declaration and bears the risk of non-compliance. At medium-high and high risk, he waits for a government action (delay), but the compliance risk is relatively low.



Figure 2 — Starting a business: the two paths. Source: Author, after Government Regulation No. 28 of 2025 and Minister of Investment and Downstreaming/BKPM Regulation No. 5 of 2025. As at 4 September 2026.

3.2.3 Five questions

Table 5 — Five questions: business start

#	Question	If "no"
1	Is your business activity open to foreign investment?	Check the business classification. Identify the business classification code (KBLI) for your activity. The Positive Investment List states whether that activity is prohibited, restricted (ownership cap, conditions, or partnership requirement), or open. The code also determines the risk level.
2	Have you established a foreign investment limited liability company (PT PMA)?	Establish the company. Notarial deed of establishment, approved by the Ministry of Law (AHU Online); deposit the paid-in capital.
3	Do you hold a business identification number (NIB)?	Register the business. One application on the Online Single Submission system; the NIB and company tax number issue together. For low-risk activities the NIB itself is the general business licence. At medium-low risk a standard certificate is added on the applicant's own declaration. At medium-high and high risk the certificate must be verified or a licence issued before the company may operate.
4	Will you buy land or construct a building?	Obtain the integrated permits. Spatial and environmental approvals through the Online Single Submission system; building approval through the building management information system (Sistem Informasi Manajemen Bangunan Gedung, SIMBG), decided at district or city level — all reflected in your licence status.
5	Is your general business licence legally effective?	The company may not trade until OSS-RBA records the licence as effective. At low risk the NIB is the licence and issues effective. At the higher risk levels the licence becomes effective only when every required approval is recorded.

Sources: Government Regulation No. 28 of 2025 (risk-based business licensing); Presidential Regulation No. 10 of 2021 as amended by No. 49 of 2021 (Positive Investment List); Online Single Submission system (oss.go.id); AHU Online (Ministry of Law). As at 4 September 2026.

3.3 Business operation

3.3.1 Continuing obligations

A common misconception is that once the business is up and running and the risk-based licence is issued, the red tape is behind the investor. It is not. The 2020–2023 investment reform was intended to speed up entry, but it did not reduce supervision.

During the operating stage, the following obligations apply: supporting business licenses for the sector (Perizinan Berusaha untuk Menunjang Kegiatan Usaha, PB-UMKU), employment and wage rules, registration with the two social security agencies — BPJS Kesehatan for health and BPJS Ketenagakerjaan for employment — and monthly contributions, tax registration and filing, and the quarterly investment activity report (Laporan Kegiatan Penanaman Modal, LKPM). These duties continue for as long as the company operates.

3.3.2 Supervision and sanctions

The duties are enforced through monitoring, audits and inspections, by the authority that issued the licence (2.2.4, 2.2.3). Warnings, suspension of the licence and revocation follow a failure. They fall on the company and its directors.

3.3.3 Five questions

Table 6 — Five questions: business operation

#	Question	If "no"
1	Have you obtained the sector-specific supporting licences for your activity?	Apply for supporting licences. Depending on the activity, one or more supporting business licences (PB-UMKU) may be required — for example import, distribution, or product registration — applied for through the Online Single Submission system.
2	Are your employment arrangements compliant?	Complete manpower compliance. Employment contracts, company regulations, and wage rules under the Ministry of Manpower; work permits and stay permits for foreign employees. A foreign director who works in the company needs a work permit.

#	Question	If "no"
3	Have you registered your employees for social security?	Register with BPJS Kesehatan and BPJS Ketenagakerjaan. Health and employment programmes; monthly contributions for all employees.
4	Are your tax registration and filings in order?	Set up tax compliance. Corporate income tax, employee withholding, and value added tax where applicable, filed with the Directorate General of Taxes; regional taxes where relevant.
5	Are your corporate filings and investment reports current?	Bring filings up to date. Quarterly investment activity report (LKPM); corporate changes filed with the Ministry of Law. Non-compliance brings warnings, licence suspension, or revocation.

Sources: Government Regulation No. 28 of 2025 (risk-based business licensing and supporting licences); Minister of Investment and Downstreaming/BKPM Regulation No. 5 of 2025; Online Single Submission system (oss.go.id). As at 4 September 2026.

3.4 Business growth

3.4.1 Expansion as new investment

Businesses expand — a new line of business, a new location, new capital and new partners, more staff, and export markets. Indonesian law treats each expansion as a new investment and asks the entry questions again: which classification code the activity falls under, whether that activity is open, restricted, or closed to foreign investment, and what capital and reporting requirements it requires.

3.4.2 Expansion triggers a new investment commitment

Expansion into a new classification code or a new location triggers a new minimum investment value. The company must commit more than IDR 10,000,000,000 for each five-digit classification code at each project location. Each business activity has its own code. Each place where an activity is conducted is a separate project location. Expansion creates combinations of the two, and each new combination requires its own commitment.

Consider a furniture manufacturer in Semarang: one code at one location, so one IDR 10 billion threshold. It opens a second workshop in Bali — the same code at a second location, so another IDR 10 billion. It then begins selling online from Semarang — the same location under a second code, so another IDR 10 billion. The company must now meet the threshold three times.

3.4.3 Five questions

Table 7 — Five questions: business growth

#	Question	If "no"
1	If you are adding a business activity, have you added its classification code and obtained any licence it requires?	Re-run the opening check. Each new activity has its own classification code (KBLI), screened afresh against the Positive Investment List with its own risk level. Add the code to your NIB on the Online Single Submission system; a new certificate or licence may be required.
2	If you are opening or expanding a location, do you hold the permits for that site?	Obtain permits for the new site. Each location needs its own spatial approval, environmental approval, and — for new or altered buildings — building approval and certificate of worthiness of function (SLF). The minimum investment value applies per classification code at each project location.
3	If you are changing capital, shareholders, or directors, have the company documents been amended?	Amend the company documents. Notarial amendment of the articles of association, approved by or notified to the Ministry of Law; investment changes reported through the Online Single Submission system.
4	If you are hiring foreign workers, do you hold the work authorisation?	Obtain work permits. An approved foreign worker utilisation plan (Rencana Penggunaan Tenaga Kerja Asing, RPTKA) from the Ministry of Manpower, then a work permit and stay permit for each foreign employee.
5	If you will import or export goods, is your trade registration in place?	Register for trade. Import and export rights attach to the NIB; customs registration and any product-specific approvals run through the Indonesia National Single Window (INSW).

Sources: Minister of Investment and Downstreaming/BKPM Regulation No. 5 of 2025, Article 26 (capital and minimum investment value); Government Regulation No. 28 of 2025; Presidential Regulation No. 10 of 2021 as amended by No. 49 of 2021. As at 4 September 2026.

3.5 Business exit

Exit means one of two things. The investor sells his shares and the company continues under a new owner. Or the company is closed. Stopping trade is neither: a company that has stopped trading still holds its licences, still owes its taxes, and still answers for its debts, and it continues to do so until the Ministry of Law deletes it from the register.

3.5.1 Share sale

The investor sells his shares; the company is not the subject of the sale. The transfer is effected by a notarial deed, notified to the Ministry of Law, and recorded in the licensing system. The company continues under new owners and, if it resolves to change its name, under a new name. Two consequences follow. The buyer's nationality determines how the company is screened. Selling the shares does not discharge any liability the investor incurred personally, as a director or commissioner, during the period he held them.

3.5.2 Dissolution and liquidation

A company is dissolved in one of three ways: the shareholders decide to dissolve it; the Commercial Court declares it bankrupt, or the licensing Government revokes its business license as a sanction. The Company Law lists others; these three matter in practice.

The ground determines who winds up the company — a liquidator appointed by the shareholders or a curator appointed by the court — and which procedure applies. A shareholder-appointed liquidator follows the Company Law. A curator follows the bankruptcy law under the supervision of a supervisory judge. The duties owed to employees, creditors, and the tax office apply in every case.

3.5.3 Deregistration and the investor’s departure

Until the Ministry of Law removes the company from the register, the company continues to exist, and so do its obligations. If the investor lives in Indonesia, his departure requires separate steps: the sponsoring company applies to cancel his work permit and stay permit and to obtain his exit permit (Exit Permit Only, EPO). This must be done before the company ceases to exist.

3.5.4 Five questions

Table 8 — Five questions: business exit

#	Question	If "no"
1	Is there a lawful ground for dissolving the company?	Establish the ground. Three routes: a shareholders' resolution (voluntary exit); bankruptcy, where a court-appointed curator — not the shareholders — conducts the winding-up; or revocation of the business licence as a sanction (forced closure). The ground determines who controls the process and which procedure applies; the duties below arise on every route.
2	Has a liquidator been appointed and the dissolution announced?	Open the liquidation. Notarial deed of the dissolution resolution; liquidator (or curator) appointed; dissolution filed with the Ministry of Law and announced so creditors can lodge claims.
3	Have employees and creditors been settled?	Settle claims. Statutory severance under the manpower rules; employees deregistered from BPJS Kesehatan and BPJS Ketenagakerjaan; creditor claims paid in the statutory order.
4	Have taxes been settled and the tax number revoked?	Close the tax account. Final tax returns and a closing audit by the Directorate General of Taxes; the company tax number is then revoked.
5	Have the licences been revoked and the company deregistered?	Deregister the company. Business licence and NIB revoked through the Online Single Submission system; the Ministry of Law strikes the company from the register and announces the end of its legal existence.

Sources: Law No. 40 of 2007 on Limited Liability Companies (dissolution and liquidation); Law No. 37 of 2004 (bankruptcy); Online Single Submission system(oss.go.id); AHU Online (Ministry of Law). As at 4 September 2026.

TAKEAWAY

- Licensing is not a one-off event. The obligations run continuously from registration to deregistration, and they fall on the company and its directors.
- The KBLI code determines whether the activity is open to foreign investment, the minimum investment value, and the risk class.
- At low and medium-low risk the company may begin operating on its own declaration. At medium-high and high risk it may not operate until the government verifies the standard certificate or issues the licence.
- An investor who acquires land and constructs a building must also obtain the site licences: KKPR, environmental approval, PBG and SLF.
- The NIB does not establish that the company operates lawfully. Premises, environment, sector requirements and activity standards apply separately.
- Indonesian law treats each expansion as a new investment. A new classification code or a new project location requires a further minimum investment value.
- Each stage ends with five questions. Put them to the lawyers, notaries and agents you retain, and check the answers.

4 Investors' Rights and Their Enforcement

If the government or a business partner breaches the investor's rights, what can the investor do?

The answer depends on whom he sues and where that party's assets are located. The investor is paid only if he can seize the other side's assets.

4.1 Indonesia

A claim against a government agency is a matter of public law. The investor may challenge a decision — a license refused, suspended, or revoked — in the administrative court (*Pengadilan Tata Usaha Negara*). He must first object to the official who made the decision under Law No. 30 of 2014 on Government Administration. A claim filed without that objection is inadmissible. He cannot attack the regulation itself in that court. Statutes go to the Constitutional Court, and regulations below statute go to the Supreme Court (2.1.6).

A claim against a supplier, a customer, or a joint-venture partner is governed by private law. It goes to the civil court unless the contract sends it to arbitration under Law No. 30 of 1999. Bankruptcy goes to the Commercial Court.

Both routes exist. Access to justice is limited and rife with corruption.

4.2 Foreign court judgments

Indonesia will not enforce a foreign court judgment. Article 436(1) of the *Reglement op de Rechtsvordering* bars enforcement. The winner must sue again in Indonesia and prove the case a second time. The answer is arbitration in the contract.

4.3 Arbitration against an Indonesian company

The investor arbitrates against the partner or supplier and wins an award. To seize assets in Indonesia, he needs an Indonesian court order.

Indonesia is a party to the New York Convention of 1958. Law No. 30 of 1999. The Chairman of the Central Jakarta District Court grants recognition and orders enforcement (Arts. 65–66). In practice, two conditions are applied: the dispute must be commercial, and enforcement must not offend public policy. The Chairman does not retry the case. In *Astro Nusantara International B.V. v PT Ayunda Prima Mitra,* the court refused the order on public-policy grounds. A refusal may be appealed to the Supreme Court in cassation. Practitioners report a five- to eight-month timeline for the order. No court publishes how often it grants or refuses the order.

The Central Jakarta order applies only to assets in Indonesia. An award against assets in another country in that country.

4.4 Arbitration against the Republic of Indonesia

The investor may sue Indonesia only if an investment treaty covers the company and permits investor-state arbitration. Coverage depends on nationality and the investment date. Indonesia has largely dismantled its bilateral treaty network since 2014. Some of those treaties still cover investments made before they ended, for a fixed term.

Four instruments apply.

Table 9 — Investment treaties and investor-State arbitration

Instrument	Investor may sue the Republic
ASEAN Comprehensive Investment Agreement (in force 2012)	Yes
Indonesia–Singapore BIT (in force 9 March 2021)	Yes. It covers investments already admitted. The investor must consult for one year first.
Indonesia–Korea EPA, investment chapter (in force 2023)	Yes
Regional Comprehensive Economic Partnership, investment chapter (in force for Indonesia 2023)	No

Sources: UNCTAD International Investment Agreements Navigator; the treaties. As at 3 September 2026.

Two standards are invoked in practice. Fair and equitable treatment applies when Indonesia revokes a license or changes the terms after the money is committed. Indirect expropriation applies when a measure has the effect of a taking, even though the State takes no title.

The tribunal is constituted outside Indonesia under the ICSID Convention or the UNCITRAL Rules.

Indonesia must treat an ICSID award as a final judgment of its own courts. It may not review the merits. A non-ICSID award is a foreign award, but the procedure differs from 4.3 because the State is a party. The Supreme Court grants the exequatur and delegates execution to the Central Jakarta District Court (Art. 66).

If the investor sues the Republic, he should do so outside Indonesia.

Investors have brought seven known treaty claims against Indonesia. None resulted in an adverse award that Indonesia had to pay. Indonesia's conduct at the payment stage has never been tested.

TAKEAWAY

- Put arbitration in the contract with an Indonesian company.
- Indonesia will not enforce a foreign court judgment.
- The investor may sue the Republic only if his holding company is covered and the treaty allows it. ASEAN, Singapore, and Korea allow it. RCEP does not.
- If he sues the Republic, he should collect outside Indonesia

Annex A — Main investment laws and regulations

This annex lists the instruments that govern investment itself: who may invest and in what, the vehicle he must use, the license he must hold, the authority that decides, and the restrictions on moving his money and his goods. It does not list the general business law an Indonesian company meets alongside every other company — tax, labour, immigration, insolvency and land. Those are named in the text where the guide needs them.

The entries are ordered by rank under Article 7 of Law No. 12 of 2011, from the Constitution down. The last group falls outside that hierarchy, under Article 8(1) of the same statute, and governs most of what an investor actually encounters (2.1.5).

Each entry lists the instrument in force. When a rule has been amended, the entry names the base instrument and the latest amendment, because that is the pair a reader needs to find the current text.

Official texts are available at peraturan.go.id, organized by type, number, and year: Law No. 25 of 2007 is at peraturan.go.id/id/uu-no-25-tahun-2007, Government Regulation No. 28 of 2025 at pp-no-28-tahun-2025, and a presidential regulation at perpres-no-<number>-tahun-<year>. Ministry of Finance regulations are at jdih.kemenkeu.go.id, Bank Indonesia regulations at bi.go.id, Ministry of Investment regulations at jdih.bkpm.go.id, and Constitutional Court decisions at mkri.id. All are in Indonesian.

Implementing regulations change frequently and without notice. The official text controls, not this list.

A.1 The Constitution

The 1945 Constitution (*Undang-Undang Dasar 1945*). Article 33 places strategic production and natural resources under state control, which is the constitutional basis for economic nationalism (1.2). Article 24A(1) authorizes the Supreme Court to review regulations against statutes (2.1.6).

Constitutional Court Decision No. 91/PUU-XVIII/2020, November 2021. Held the Omnibus Law conditionally unconstitutional on procedural and material grounds; complied with by Law No. 6 of 2023 (1.3).

A.2 Statutes

Law No. 6 of 2023 on Job Creation. The statute now in force behind the investment reform. It enacted Government Regulation in Lieu of Law No. 2 of 2022 and replaced Law No. 11 of 2020, which was repealed on 31 March 2023 (1.3).

Law No. 25 of 2007 on Capital Investment, as amended by Law No. 6 of 2023. Separates foreign investment from domestic investment and sets the treatment of each (2.1.2).

Law No. 40 of 2007 on Limited Liability Companies, as amended by Law No. 6 of 2023. The PT PMA: capital, shares, the boards, dissolution and liquidation (2.1.2, 3.5).

Law No. 12 of 2011 on the Formation of Legislation, as last amended by Law No. 13 of 2022. Article 7 sets the hierarchy of norms; Article 8(1) places ministerial and agency regulation outside it (2.1.4, 2.1.5).

Law No. 23 of 2014 on Regional Government. Transferred licensing and supervision to the districts and cities, which is why they decide and the ministry cannot decide in their place (2.2.3).

Law No. 1 of 2025, the third amendment to Law No. 19 of 2003 on State-Owned Enterprises, promulgated 24 February 2025. Article 3E establishes the Daya Anagata Nusantara Investment Management Body (*Badan Pengelola Investasi Daya Anagata Nusantara*, Danantara), wholly owned by the state, and delegates presidential authority over state enterprises to it (1.2, 1.4).

Law No. 59 of 2024, the National Long-Term Development Plan 2025–2045 (1.1).

Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution. The enforcement route for a foreign award. Article 66 sets the conditions for recognition and the order to enforce (4.3).

A.3 Government regulations

No. 28 of 2025 on the Implementation of Risk-Based Business Licensing, promulgated 5 June 2025, revoking No. 5 of 2021. The single reference for business licensing. Requires every ministry and agency to route licensing through OSS-RBA and states processing times as obligations of the government (2.2.4, 3.2).

No. 7 of 2021 on the Ease, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises. Classifies enterprises by net worth and turnover, which is why a PT PMA counts as a large enterprise whatever its size (1.1.5, Table 2).

No. 10 of 2025 on the Organisation and Governance of the Daya Anagata Nusantara Investment Management Body, as amended by No. 19 of 2026. Governs Danantara and the transfer of state enterprise holdings to it (1.2).

No. 36 of 2023 on Export Proceeds from Natural Resources, as last amended by No. 21 of 2026, in force 1 September 2026. Requires exporters to retain proceeds in Indonesia's financial system. Government Regulation No. 8 of 2025 set the current baseline of 100 percent for twelve months; No. 21 of 2026 allows qualifying mining exporters at least 30 percent for at least three months instead (1.4).

No. 24 of 2026 on the Governance of Exports of Strategic Natural Resource Commodities. Reporting for coal, crude palm oil and ferroalloys to a state entity from June 2026, and a single state export channel from 1 January 2027 (1.4).

A.4 Presidential regulations

No. 10 of 2021 on Investment Business Sectors, the Positive Investment List, as amended by No. 49 of 2021. The fields closed to foreign investment, and the ownership caps, partnership requirements and other conditions on the rest (2.1.2, 3.2).

No. 184 of 2024 on the Ministry of Investment and Downstreaming. The ministry's remit and structure, superseding No. 63 of 2021 on the Ministry of Investment. The companion instrument for BKPM itself is Presidential Regulation No. 64 of 2021 (2.2.2).

No. 12 of 2025, the National Medium-Term Development Plan 2025–2029. Implements the Asta Cita: downstreaming, and food and energy self-sufficiency (1.1).

A.5 Ministerial and agency regulations

These fall outside the Article 7 hierarchy and bind an investor as fully as the instruments above. They change without notice, which is why each entry carries a date.

Minister of Investment and Downstreaming/BKPM Regulation No. 5 of 2025, promulgated 2 October 2025. Guidelines and procedures for risk-based business licensing and investment facilities through OSS. Article 26 sets the minimum investment value and the minimum issued and paid-up capital. Revoked BKPM Regulations Nos. 3, 4 and 5 of 2021 (3.2, 3.4.2).

Minister of Finance Regulation No. 136 of 2024 on the global minimum tax. Designated qualified by the OECD on 18 August 2025, so relief that takes a group below an effective rate of 15 percent is recovered as a top-up tax (1.3).

Minister of Finance Regulation No. 69 of 2024 on the reduction of corporate income tax for pioneer industries, effective 9 October 2024, amending No. 130/PMK.010/2020. The tax holiday (1.3).

Bank Indonesia Board of Governors Member Regulation No. 11 of 2024 on Foreign Exchange Market Transactions, as last amended by No. 15 of 2026, in force 1 July 2026. A cash purchase of foreign currency against rupiah above USD 10,000 a month requires a document evidencing the underlying transaction. The third reduction of that threshold in 2026 (1.4).

Annex B — Other resources

This guide gives no procedures, no document checklists and no fee tables. The sources below are where to find them, and where to check anything the guide states. Paid sources are marked. Each was current at the date on the cover.

B.1 Where to find the law

Annex A lists the instruments the guide relies on. It is a short list, and the ministerial and agency layer alone runs to many thousands of regulations. These are the repositories.

- **peraturan.go.id** — the national legislative database. Statutes, government regulations and presidential regulations, consolidated.
- **jdihn.go.id** — the National Legal Documentation Network, which aggregates the ministries' own repositories. Where a ministerial regulation appears first.
- **jdih.bkpm.go.id** — Ministry of Investment and Downstreaming. Licensing and investment facility regulations.
- **jdih.kemenkeu.go.id** — Ministry of Finance. Tax and incentive regulations.
- **bi.go.id** — Bank Indonesia, including the foreign exchange thresholds.
- **eperda.kemendagri.go.id** — regional regulations. The district or city is the authority an investor deals with (2.2.3).
- **The State Gazette** (*Lembaran Negara*) — the official publication. Hard copies exist and are difficult to obtain.

B.2 Court decisions

- **mkri.id** — Constitutional Court decisions, including Decision No. 91/PUU-XVIII/2020 on the Omnibus Law.
- **putusan3.mahkamahagung.go.id** — Supreme Court and lower court decisions. Where the claim at 1.2.6, that judicial review exists and is little used, can be checked.

B.3 Investment guides published by others

Each is a snapshot and carries its date for that reason.

- **Ministry of Investment/BKPM, *Indonesia Investment Guidebook*** — the government's own.
- **US Department of State, *Investment Climate Statement: Indonesia*** — annual, and the most current of the four.
- **World Bank Group, *Investment Policy and Regulatory Review: Indonesia***.
- **Deloitte, *Investment Window into Indonesia*** — the fullest, at 186 pages.

B.4 Legal updates and analysis

- **hukumonline.com** — the working database for Indonesian practitioners, with English translation. Paid.
- **iclg.com** — jurisdiction guides, revised annually. Free.
- **CMS Expert Guides** — the source of the enforcement timing at 3.3.2. Free.

- **Thomson Reuters Practical Law** — paid.
- **Deloitte Legal, comparative guide to doing business in Indonesia** — free.

B.5 Indexes and measurement

The full assessment of Indonesia's performance is published separately; the introduction gives only the short statement and Table 1. These are the sources behind it.

- **OECD FDI Regulatory Restrictiveness Index** — the source of Table 1.
- **World Bank, Business Ready (B-READY)** — the successor to Ease of Doing Business.
- **World Justice Project Rule of Law Index**.
- **Transparency International Corruption Perceptions Index**.
- **Fraser Institute, Economic Freedom of the World**.
- **Heritage Foundation, Index of Economic Freedom**.
- **UNCTAD, International Investment Agreements Navigator and Investment Dispute Settlement Navigator** — the sources for Table 9 and the arbitration record at 4.4.

B.6 Country and economic data

- **bps.go.id** — *Badan Pusat Statistik*, the statistics bureau.
- **bi.go.id** — Bank Indonesia statistics: foreign exchange, capital flows, the balance of payments.
- **data.worldbank.org** — World Bank country data.
- **Economist Intelligence Unit, Indonesia** — paid.

B.7 Further reading

- **hauersteinconsulting.com** — a reading list organised by the divisions of this guide. This guide is fixed at the version on the cover; that page is not.