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invest  
**Indonesia**

# FREQUENTLY ASKED QUESTION

## ON INVESTMENT



**BKPM**

Indonesia Investment  
Coordinating Board



# FAQ

FREQUENTLY ASKED  
QUESTION ON  
INVESTMENT

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## FOREWORD

Indonesian economy continues to offer vast potential. Thanks to the country's sustainable economic growth, political stability, large young population and growing middle class, as well as abundant natural resources. Investment has a large multiplier effect in boosting economic growth, creating job opportunities, and shifting the current consumption-based economy to an economy driven by production.

Therefore, as a government agency and primary interface between the government and investors, as well as service provider related to investment, it is the roles of The Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or BKPM) to improve investment climate and to invite "smart investment" to the archipelago.

Government of Indonesia has a strong reform agenda and since January 2015, several policies have been implemented. First, the One-Stop Service-Center (Pelayanan Terpadu Satu Pintu or PTSP) at BKPM aimed at providing a faster, simpler, and more transparent investment licensing service. Second, an end-to-end service for investors, starting from earlier until commercial stage, including facilitation during the process of investment realization. And finally, improvements of investment climate, among others by providing more attractive incentives and facilities for investors.

As a part of our efforts to improve investment service, BKPM took an initiative to publish "Frequently Asked Question (FAQ) on Investment in Indonesia" book. This book compiles answers for both new and existing investors regarding, among others, investment licensing procedures, incentives, regulations, labors, and cost of doing business in Indonesia. We hope that this book could serve as a guidance for investors to have a better understanding on investing and doing business in Indonesia.

Finally, we invite you to explore the opportunities Indonesia offers to your business and BKPM is ready and more than happy to assist you to invest in Indonesia.

Jakarta, March 2016

Chairman of The Indonesia Investment Coordinating Board (BKPM)

# Q

## INDONESIA

the world's largest  
archipelagic nation



*Photo credit: Ari Sanjaya Lim, Pelabuhan Tanjung Priok , 2016*

## Q-1: What does make Indonesia the destination for my investment?

Answer:

The Republic of Indonesia is a nation blessed with almost all of the prerequisites for transformation into a great economic power. With its abundant natural resources, large, productive and young population, and strategic access to the global mobility network, these assets and access empower Indonesia to be among the leading economies of the world.

Indonesia is an emerging global powerhouse and member of the prestigious G20. In 2015, with a Gross Domestic Product or GDP (*Product Domestik Bruto* or PDB) growth rate of 4.79%, Indonesia was the group's third fastest-growing economy, only behind India and China. Today, Indonesia is the largest economy in Southeast Asia and the world's 16th largest economy with almost a trillion dollar of GDP.

Underlying Indonesia's vibrant economy is political stability. Indonesia has succeeded maintaining political stability as the world's third-largest democracy. The maturing democratic country has held three peaceful direct presidential elections since 2004. For the first time, in 2015, Indonesia managed to organize simultaneous direct elections for 263 Governors and Mayors throughout the country.

Indonesia ranks the fourth most populous country in the world. Its 250 million population and the rapidly increasing buying power of its population is creating a significant market. Moreover, the young population is also increasing in the quality of its human resources, thus providing a desirable competitive edge.

Indonesia has an abundance of renewable (agricultural products) and un-renewable (mining and minerals) natural resources. It is the world's largest producer of palm oil, and the world's second largest cocoa and rubber producer. The country also produces tin, nickel, coal, natural gas, bauxite, copper and gold in large quantities. It must be able to optimize the handling of its natural resources by increasing a processing industry that will provide high added value.

Following the abundance opportunities Indonesia has to offer, the government continues reforming investment climate to make a safer and more attractive investment destination. President Joko Widodo has mandated the implementation of far-reaching fundamental reforms to create a solid foundation for businesses to grow and prosper for the long-term. Indonesia is at the beginning of a promising new era.

## Q-2: How is the infrastructure in the archipelago?

Answer:

The challenges with Indonesian infrastructure have a lot to do with the geographical realities in the country, as a vast archipelago. The fiscal budget allocated for infrastructure more than doubled in the last five years and private sector's contribution is strongly encouraged and facilitated.

The Government has issued several policies, including the provision of government guarantees, land acquisition for development projects, and viability gap fund for part of Public-Private Partnerships or PPP (*Kemitraan Pemerintah dan Badan Usaha* or KPBU) project's construction cost. In addition, the government established some financial institutions to help finance PPP projects and increase their bankability.

President Joko Widodo has set an infrastructure target in the five-year development plan, to be achieved by 2019. Indonesia, among others, will build 15 new airports, increase the capacity of 24 seaports, add 60% to current railway tracks, construct 1,000 km of toll roads, as well as provide 35,000 megawatts of power.

## Q-3: What does the world say about investing in Indonesia?

Answer:

- The growth of Foreign Direct Investment or FDI (*Penanaman Modal Asing* or PMA) in Indonesia was the highest among the Southeast Asian countries (UNCTAD's 2015 annual report).
- Three out of four US companies in Indonesia plan to expand their business (AmCham's and US Chamber of Commerce's survey, 2015).
- Indonesia remains main investment destinations in APEC region, together with China and the US (PwC's APEC CEOs survey, 2015).
- Indonesia is #1 as the top investment destinations, followed by the US, the UK, and India (Ernst and Young Capital Confidence Barometer, 2015).
- Indonesia is the most promising country for overseas business, after India (Japan Bank for International Cooperation's survey, 2015).
- Indonesia is the priority investment country in Asia, following China, and the highest confidence of positive reforms, after India (The Economist's Asia Business Outlook Survey 2015).



“

PRESIDENT JOKO WIDODO HAS MANDATED THE IMPLEMENTATION OF FAR-REACHING FUNDAMENTAL REFORMS TO CREATE A SOLID FOUNDATION FOR BUSINESSES TO GROW AND PROSPER FOR THE LONG-TERM.

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# Q

## INVESTMENT OPPORTUNITIES

### A. PRIORITY SECTORS

**Q**-4: What sector is recommended to invest in Indonesia?

Answer:

As of 2015, Indonesian Government has laid the new focus on several business sectors as planned in The Investment Strategic Planning for the period of 2015-2019. These priorities sectors were selected based on the economic advantages, growth factors and productivity aspects. The sectors are as follows:

### Investment Opportunities in Indonesia 2015 - 2019 Investment Priority Sectors

Source: BKPM 2016

Infrastructure		35 GW power generation	24 Sea ports		
Agriculture		Food estate	Corn plantation	Cattle	
Industry	Labor-intensive industry	Textile	Food & Beverages	Furniture	Toys
	Import-Substitution industry	Chemical & Pharmaceutical	Iron & Steel	Component	
	Export-oriented industry	Electronics	CPO & derivative products	Wood products, pulp & paper	Automotive
		Machinery	Rubber products	Fish & derivative products	Shrimp
Downstream industry of natural resources	Cacao	Sugar	Smelter		
Maritime		Ship building	Fishery industry	Cold storage	Maritime Technology
Tourism, SEZ & Industrial Park		Strategic tourism areas	MICE	8+11 SEZs	15 New Ind. Parks

However, all industry or business fields in Indonesia is open to foreign investments unless mentioned otherwise in the Investment Guidance or previously called the “negative investment list”. This regulation attaches to the Investment Law under Presidential Regulation.

## Q-5: Why are certain investment sectors prioritized?

Answer:

Investment together with manufacturing industry and export are expected to be the pillars of Indonesian economy. There are three aspects where investments shall contribute the most to the economy.

First, supporting sustainable economic growth. We seek quality investments, that do not only see Indonesia as a market, but also as a production base. Investments that add value to our natural resources, contribute to our export and substitute our import.

Second, creating jobs, improving productivity and competitiveness. Investment in manufacturing sectors is prioritized, especially labor-intensive industry, export-oriented and import-substitution industry, and also downstream industry of natural resources.

Third, promoting equal development distribution. We encourage more investments realized outside Java Island,

the most populated island in Indonesia. We offer more incentives especially to investments located in eastern part of Indonesia, such as Nusa Tenggara, Maluku, and Papua.

## B. INVESTMENT POLICY

## Q-6: I want to invest in Indonesia. What are the basic things I should know first?

Answer:

First you have to check whether your business is open for FDI in Indonesia in accordance to the Indonesia Investment Guidance (*Daftar Negatif Investasi* or DNI) under the Presidential Decree No. 44 of 2016 that stipulates the sectors which are closed and open with conditions to investment. If the business sector is not listed in the DNI, the business will be considered open and allowed for up to 100% foreign ownership.

The legal entity of the FDI Company should be a Limited Liability Company or Ltd. (*Perseroan Terbatas* or PT). The ‘PT’ company should be owned by minimum 2 parties, each party is either individual or corporate.

According to Indonesian law, any company with any percentage of foreign shareholding is considered as a FDI Company or foreign-owned-PT-company, in short ‘PT. PMA’.

Additionally, it is imperative that new

investor has to learn more about the location of their investment such as the market activity, office location, manpower procurement, and the regulations pertaining to their business sector.

## Q -7: What is the policy for foreign direct investment?

Answer:

The FDI is required to have minimum investment ABOVE IDR 10.000.000.000,- (ten billion Indonesian Rupiah), or equivalent to current exchange rate. This applies to all business sectors and the amount of minimum investment is not including the value of the land and buildings owned by the company.

In addition, the minimum paid up capital of a FDI Company (PT. PMA) is IDR 2.500.000.000 (two & a half billion Indonesian Rupiah). For each shareholder, at least IDR 10.000.000,- (ten millions Rupiah) or its equivalent in USD.

## C. SPECIAL ECONOMIC ZONES and INDUSTRIAL PARKS

## Q -8: Can I setup a company in any location in Indonesia?

Answer:

Yes, you can setup company in any part of Indonesia. However, there are restrictions for some business sectors in certain regions. The Government has mandated (in PP No.24/2009 and UU No.3/2014) that manufacturing companies are located in industrial estates and that tenants' basic needs must be met, for example water and electricity.

Today, the Indonesian Industrial Estates Association (*Himpunan Kawasan Industri Indonesia* or HKI) has 69 company members, in 13 provinces, covering total gross area of about 45,600 hectares. There are more than 9,000 manufacturing companies operating and employing some 4 million people in the industrial estates. These figures do not include industrial estates non HKI members.

Main attractions of industrial estates are that the development is comprehensively planned to assure a strategic location, accessibility, building ratio, infrastructure and supporting services, secured land titles, and continuous maintenance and operation management.

15 new industrial estates will be developed until 2019. 13 industrial estates outside Java Island will be allocated for natural resources



Photo credit: Yudhi Dwi Anggoro, "Mobil Listrik Buatan Dalam Negeri", 2016

processing industry. While the other 2 in Java Island will be allocated for labor-intensive, high-technology and consumer goods industry.

## Q-9: How is the development of Special Economic Zones (SEZ) in Indonesia?

Answer:

There are eight existing Special Economic Zone or SEZs (*Kawasan Ekonomi Khusus* or KEK) in Indonesia and until 2019, 11 new SEZs will be developed throughout the archipelago. Each of SEZs is developed for specific sectors. The existing SEZs are:

1. Sei Mangkei in North Sumatra Province, for Crude Palm Oil (CPO) and rubber industry, fertilizer industry, logistics, and tourism.
2. Tanjung Api-api in South Sumatra Province, for CPO, rubber, and petrochemical industry.

3. Tanjung Lesung in Banten Province, for tourism.
4. Maloy Batuta in East Kalimantan Province, for CPO, coal, and mineral industry.
5. Bitung in North Sulawesi Province, for fishery and agro industry and logistics.
6. Palu in Central Sulawesi Province, for smelters, agro industry, and logistics.
7. Mandalika in West Nusa Tenggara Province, for tourism.
8. Morotai in Maluku Province, for tourism, manufacturing industry, and logistics.

The government offers additional fiscal and nonfiscal facilities for industries in SEZ. About 20-100% tax discount for period up to 25 years is offered under certain criteria. The government also provide free value added tax for importation of raw materials. In addition, foreign investors in SEZs are eligible to own properties and receive residential permits.

# Q

## INVESTMENT PROCEDURES

### A. STARTING BUSINESS

#### Q-10: How do I establish a company in Indonesia?

Answer:

First, you have to obtain Principle License (*Izin Prinsip* or IP) at BKPM One Stop Service - Center or OSS-C (*Pusat Pelayanan Terpadu Satu Pintu* or PTSP *Pusat*). After that you are able to establish the legal entity of your company in Indonesia by engaging a public notary to issue a Deed of Establishment.

The Deed of Establishment of FDI Company (PT. PMA) could be issued by public notary in Indonesia and it is prepared in Bahasa Indonesia.

The Deed of Establishment contains the

following information:

1. Name and address of the company
2. Line of business of the company
3. The articles of association
4. The composition of the Board of Directors or BOD (*Dewan Direksi*) and the Board of Commissioners or BOC (*Dewan Komisaris*) of the company
5. The identity of the company shareholders and the share of ownership

After the establishment of the legal entity, the public notary will register the new PT. PMA to the Ministry of Justice and Human Rights of the Republic of Indonesia. Once registered, the establishment of new PT. PMA will be published in the state gazette.

The ratification of legal entity by the Ministry of Justice and Human Rights of

the Republic of Indonesia will serve as the basis of establishment of PT. PMA. From this point, the PT. PMA will be able to start setting-up the company infrastructure and related operational licenses.

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*Note:*

- Before establishing the PT. PMA, you should check the availability of the company name that you want to set up from the Ministry of Law and Human Rights of the Republic of Indonesia through public notary in Indonesia.
- With respect to applications of any licences from BKPM or other government institutions in Indonesia, all information on the application has to refer to the Deed of Establishment of PT. PMA. Any changes of company's condition which is not relevant with the Deed of Establishment, such as change or expansion of business sector, change of company's location or business activity's location, should be informed to the BKPM and related government agencies to get licenses amendments.
- The additional documents in setting-up the PT. PMA include, but are not limited to, the following:
  1. Taxpayer Identification Number or Tax ID (*Nomor Pokok Wajib Pajak* or NPWP), can be applied through online service of Indonesia Directorate General of Taxes at <https://ereg.pajak.go.id> (currently the service is only available in Bahasa Indonesia).
  2. Company Domicile Certificate (*Surat Keterangan Domisili*

*Perusahaan* or SKDP), can be obtained from the local or regional authority where the PT. PMA is located and applicable through the office of building management or industrial estate management.

3. General Importer Identification Number (*Angka Pengenal Importir Umum* or API-U) is only applicable after obtaining *Izin Usaha* or Producer Importer Identification Number (*Angka Pengenal Importir Produsen* or API-P) is applicable through BKPM OSS-C.

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## Q-11: What are the licenses required to start a business?

Answer:

Yes, it depends on the business sector. Generally, trading or service provider company could start the business operation as soon as it receives the Business License (*Izin Usaha* or IU). However, other business sectors, such as manufacturing, plantation, information and technology, education, medical and health, and hospitality, should obtain specific licenses pertaining to their business sector from relevant government agencies or ministries.

For example: The company operations that could potentially impact the environment is required to undertake environmental impact analysis and gain approval from the Ministry of Forestry and Environment of the Republic of Indonesia.

## Q-12: Other than setting-up a company (PT. PMA), is there another method to evaluate Indonesian market?

Answer:

Yes, foreign investor could setup a Representative Office to study the market for a maximum period of 5 years. Foreign Representative Office is an office incorporated by an overseas company to represent itself in Indonesia with a view to manage the interest of the company or the affiliated companies in Indonesia and/ or in other countries and/ or to prepare the establishment and development of foreign investment companies in Indonesia.

Foreign Representative Office usually has limited functionality and generally are prohibited from directly engaging in operational activities, signing contracts, issuing official invoices, receiving payments from its clients, and directly engaging in any other profit generating activities.

The requirements and procedure to form a representative office in Indonesia is governed by the Regulation of The Chairman of BKPM No. 15 of 2015 Regarding Guidelines and Procedures for Licensing and Non-Licensing Investment. According to this regulation there are 3 types of Representative Offices which can be incorporated in Indonesia, namely:

1. Foreign Company Representative Office (*Kantor Perwakilan Perusahaan Asing* or KPPA).

The functionality of KPPA is limited to:

- Manage the parent company's corporate interests.
- Prepare the establishment and development of its business in Indonesia.

The documents required to incorporate

KPPA are as follows:

- Copy of Articles of Association of the foreign company represented and any amendment(s) in English or its translations in Bahasa Indonesia



from sworn translator.

- Letter of appointment from the foreign company represented to whom which will be proposed as a Representative Executive.
- Copy of passport of director of company to be represented.
- Copy of valid passport (for foreigner) or copy of identification card number (for Indonesian citizen) who will be proposed as a Representative Executive.
- Letter of statement concerning the willingness of Representative Executive to stay, and only work in



the position as the Representative Executive without doing other business in Indonesia.

- Power of attorney if the application is not obtained directly by Representative Executive.

Important Notes for KPPA:

- KPPA can only be incorporated in capital of Indonesian provinces (e.g. Jakarta, Bandung, Yogyakarta, Kalimantan, etc.).
- The location of KPPA must be in office building.
- KPPA permit is valid for 3 years and



can be extended 2 times for 1 year each.

- After 5 years KPPA may be granted extension for different activities than before.
  - KPPA must be incorporated in an office building or tower.
  - In case Representative Executive is foreigner, he/ she must obtain Temporary Stay Permit Card (*Kartu Izin Tinggal Terbatas* or KITAS) and Work Permit to stay and work in Indonesia.
2. Foreign Company Trade Representative Office (*Kantor Perwakilan Perusahaan*

*Perdagangan Asing* or KP3A).

The functionality of KP3A is limited to:

- Introduce, promote and market the goods produced by a parent company, as well as providing information, or directions for use and importation of goods to companies or users in Indonesia.
- Conduct market research and surveillance in Indonesia for domestic sales of goods produced by parent company.
- Conduct market research on the items required by parent companies abroad (who appointed the company in Indonesia) as well as providing information about the terms of the export of goods to companies in Indonesia.
- Closing contracts for and on behalf of the company that is appointed by the parent company in Indonesia for export of goods.

In order to perform the trading related activities in KP3A, a Foreign Company Trade Representative License (*Surat Izin Usaha Perwakilan Perusahaan Perdagangan Asing* or SIUP3A) must be obtained from BKPM OSS-C. The documents required to obtain SIUP3A are as follows:

- Letter of appointment from the foreign company represented to whom which will be proposed as a Head of Representative Office.
- Letter of intent concerning the activity of representative office in Indonesia and the regulation to not engage in any trading activities as well as selling transaction.
- Letter of statement concerning the willingness of Representative

Executive to stay, and only work in the position as the Representative Executive without doing other business in Indonesia.

- Letter of reference from a Commercial Attaché/ Representative of the Embassy of the Republic of Indonesia in the country of origin.
- Head of Representative Office must attach following documents:
  1. Curriculum Vitae or CV (*Daftar Riwayat Hidup*)
  2. Foreign citizen: copy of valid passport and Foreign Worker Employment Plan (*Izin Mempekerjakan Tenaga Kerja Asing* or IMTA).
  3. Indonesia citizen: copy of valid resident identity card (*Kartu Tanda Penduduk* or *KTP*) and Tax ID (NPWP).
- Letter of domicile of KP3A from building management or local official.
- Copy of temporary SIUP3A.
- Power of attorney if the application is not obtained directly by Head of Representative Executive.

#### Important Notes for KP3A:

- KP3A is prohibited to carry out any trading activities and sales transactions such as submitting tenders, signing contracts, settling claims, etc.
- KP3A can be incorporated in capital of provinces, districts and cities in Indonesia.
- KP3A must be incorporated in an office building or tower.
- In case Representative Executive is foreigner, he/ she must obtain Temporary Stay Permit Card (KITAS)

and Work Permit to stay and work in Indonesia.

3. Foreign Company Construction Representative Office (*Kantor Perwakilan Badan Usaha Jasa Konstruksi* or BJUK).

License can be obtained by a Foreign Construction company with large scale qualification as stipulated in the Ministerial Regulation. BJUK License can be used to undertake construction service business activities throughout the territory of Indonesia. BJUK License is valid for 3 years and can be extended.

Documents required for obtainment of BJUK are as follows:

- Application Letter (original in Bahasa Indonesia).
- Copy of Article of Association of Company from mother country which has been legalized by a public notary or competent authorities in the country of origin.
- General data of foreign construction services business entity.
- Original letter of recommendation from Indonesian Embassy in country of origin which states that construction company is legally registered in the country and has a good reputation.
- Copy of valid construction service permit of parent company which has been certified by the issuing authority.
- Copy of equalization certificate legalized by an Institute of national level.

- Original letter of appointment for the Chief Representative of BJUK by the parent company.
- Record of latest financial statements of parent company which has been audited by a public accountant.
- Copy of passport or identity card of Chief Representative.
- CV of Chief Representative.
- Domicile Certificate of the Representative Office in Indonesia issued by the local municipality office.
- Letter of statement of truth and authenticity of documents (original).
- Statement letter that the directors or commissioners of parent company are not serving as commissioners or board of directors in other construction companies (original).
- Original power of attorney stamped and signed by company directors if the application is not directly carried out by Chief Representative Executive along with documents of receiver of Power of Attorney (POA).

## Q -13: Do I have to register for licenses at BKPM Jakarta Head Office?

Answer:

For the time being, application for Principle License (IP) has to go through

BKPM-Online Service Platform or Electronic Investment Information and License Service System (*Sistem Pelayanan Informasi dan Perizinan Investasi secara Elektronik* or SPIPISE). Other licenses such as Import Identification Number (*Angka Pengenal Importir* or API) and several Business License (IU) still go through BKPM OSS-C in Jakarta.

## Q -14: How do I open a bank account?

Answer:

The regulation of Central Bank of Indonesia requires that all banking transactions (such as capital injection, administration of loans, payment of capital equipment, raw material, etc.) of a newly established PT. PMA be transacted through a special foreign investment bank account in Indonesia. In general, the required documents to open such account are as follows:

1. BKPM Principle License (IP), the Deed of Establishment, Company Domicile Certificate (SKDP), Tax ID (NPWP).
2. The power of attorney to the person who is given the authority to open bank account.
3. Resident Identity Card (KTP) or passport of the authorized person to open bank account.
4. Photo of the authorized person to open bank account.
5. Minimum deposit of IDR 10 million or USD 1.000.

## B. ONE STOP SERVICE -CENTER (OSS-C)

### Q-15: What is the One Stop Service - Center (OSS-C)?

Answer:

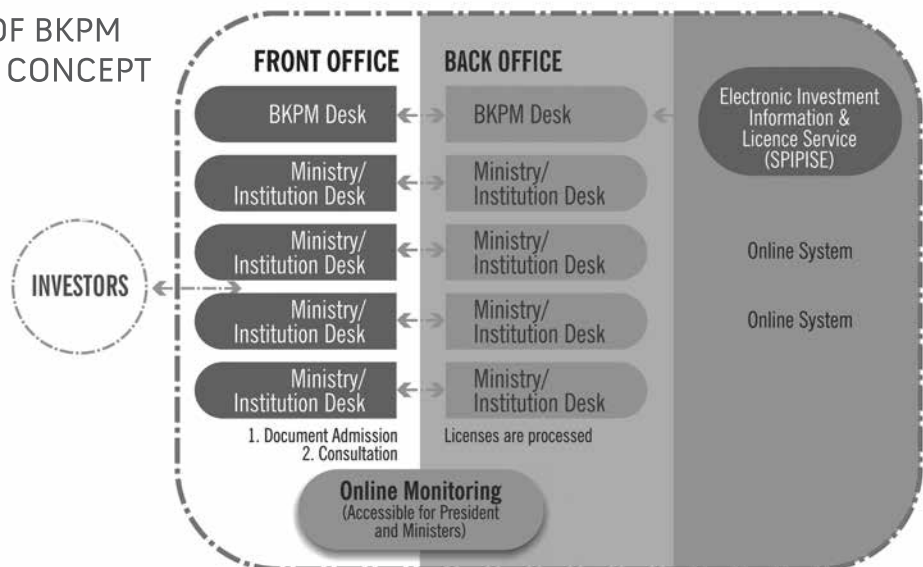
The OSS-C at BKPM was inaugurated on 26 January 2015 to provide a simpler, faster, more transparent and integrated service for investors in Indonesia.

Investors are no longer need to go around Jakarta to consult and obtain permits. At the OSS-C, 22 ministries

and government institutions are now integrated. Investment licenses for almost all sectors have been delegated and served at BKPM, such as manufacturing industry, power, oil and gas and tourism sectors.

Having investment licenses processed in one system and working together under one roof will facilitate better coordination among related parties at the national level. This allows authorities to reduce the process time, synchronize procedures, avoid authority overlap and eliminate red tape.

#### THE FLOW OF BKPM NEW OSS-C CONCEPT





## The One Stop Service-Centre (OSS-C)

The platform was formed by joint operation between BKPM & 22 government bodies consisting of various ministries, government agencies, and institutions.

*Photo credit: Humas BKPM, "BKPM OSS-C Launching", 2015*

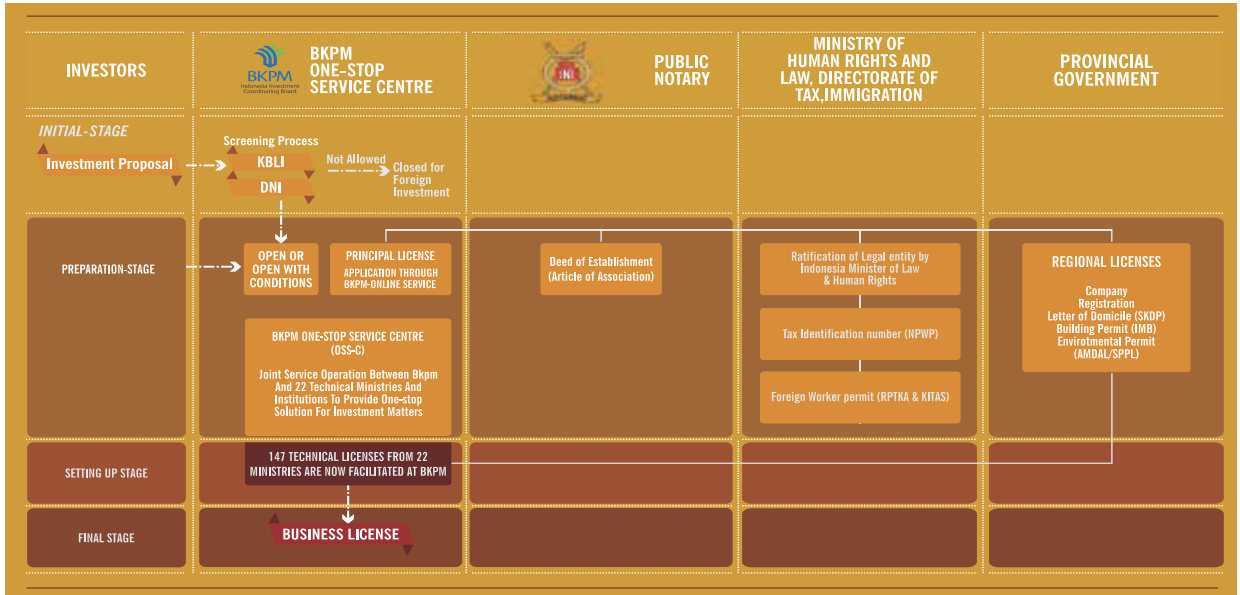
## Q-16: What are the service provided at the OSS-C?

Answer:

The OSS-C offers the service to facilitate various consultations, inquiries, and

document admission pertaining to investment subject matter which is performed by FO, while the Back Office will focus on due diligence groundwork and processing of investment related licensing matters. Diagram below shows the current frameworks on the flow of BKPM new OSS-C concept.

## THE FRAMEWORKS OF INVESTMENT PROCEDURE



## INITIAL-STAGE

### INVESTOR:

- Investor is expected to plan-out their investment activity thoroughly and submit an investment proposal complete with business description to BKPM OSS-C.

### BKPM OSS-C:

- The proposal will be screened by BKPM OSS-C where it's classified

into appropriate business field as stipulated in Indonesian Classification of Business Field (*Klasifikasi Baku Lapangan Usaha Indonesia* or KBLI)

- If the business sector is open or open with condition, the foreign investor will be able to apply for Principle License (IP), to begin the investment process, subject to the condition stated in Indonesia Investment Guidance (DNI).

## PREPARATION-STAGE

### INVESTOR:

- Once the investment proposal is evaluated and allowed under the Indonesia Investment Guidance (DNI), investor will be able to apply for Principle License (IP) from BKPM OSS-C, and start to setup legal business entity in Indonesia.
- The BKPM OSS-C IP is the right given to foreign investor to certify that the investment activity is acknowledged and thus allowed to establish a legal business entity in Indonesia.

### BKPM OSS-C:

- All application for Principle License (IP) will be done through BKPM-Online Service Platform or Electronic Investment Information & License Service (SPIPISE) [<http://online-spipise.bkpm.go.id>]. All investor will always be able to approach BKPM office for advice and assistance in the application process.

### PUBLIC NOTARY:

- Once the Principle License (IP) is approved by BKPM OSS-C, investor will be able to setup its business entity by engaging any public notary office to draft the establishment of FDI Company (PT. PMA), which is called “Company Deed of Establishment”. This draft will need to be ratified by Ministry of Justice and Human Rights of the Republic

of Indonesia to be legalized and officially posted in the state gazette.

### PROVINCIAL GOVERNMENT:

- In parallel to establishing FDI Company Deed, investor will also be able to apply for the necessary provincial government licenses, which mainly refer to the regional regulation and certification for operating business entity.
- Depending on the business sector, the licenses are Company Domicile Certificate (SKDP), Environmental License, Building Permit (*Izin Mendirikan Bangunan* or IMB), Nuisance Ordinance Permit, Location Permit, and Company Registration Certificate.

### MINISTRY OF JUSTICE AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA, DIRECTORATE OF TAX, IMMIGRATION:

- These set of ministries and government agencies will issue the main licenses and its related certifications needed by FDI Company to start its construction or setting-up stage. These main licenses are ratification on the Deed of Establishment, Taxpayer Identification Number or Tax ID (NPWP), and issuance of Foreign Worker Employment Permit (IMTA).

Information on the establishment of FDI Company in more details is explained in the Chapter of ‘Investment Policy’, Question 6-8.

## SETTING-UP STAGE

### BKPM OSS-C:

- In the Setup Stage, investor with legal business entity will be able to start setting-up its business infrastructure and processing all the required licenses from technical ministries. With the establishment of OSS-C, high officials from 22 technical ministries and government agencies will be positioned in BKPM to attend to all investment inquiries and also application of the technical licenses pertaining to their business sector.
- Even at the Preparation Stage of prior to committing to apply Principle License (IP), investor will be able to consult directly with these technical ministries to understand in-depth

pertaining to legal procedures and technicalities on their Business License (IU).

- During their Setting-up Stage or Construction Stage, investor will be able to apply for the technical licenses with BKPM OSS-C to simplify and expedite the setting-up process, and start the business operation as soon as possible.

## FINAL-STAGE

### BKPM OSS-C:

- Once the company is ready for Commercial Stage, FDI Company will be able to apply for its Business License (IU) from BKPM OSS-C to start its business operation.

### \* Additional Notes:

All foreign investors who setup business entities are mandatory to submit Investment Activity Report

(*Laporan Kegiatan Penanaman Modal* or LKPM) periodically to BKPM.

The FDI Company will be need to update the LKPM every quarterly during its setting-up period (after owning Principle License or IP) and biannually after receiving its operational (after owning Business License or IU).

Photo credit: Roni Mawardi "Harbour Infrastructure", 2016



## C. INVESTMENT 3-HOURS SERVICE (I23J)

### Q-17: What is the 3-Hours Service (I23J) for investment?

Answer:

As one of a support in drawing more investment, Indonesia Government, through BKPM, officially launched “The Investment Licensing Service in 3 Hours” (*Layanan Izin Investasi 3 Jam* or I23J) on January 11st 2016. The service, which is part of the government’s 2nd economic policy package, aims to cut the time to wrap up licensing procedure for only 3 hours from workdays normally. The total permits issued by this service are ‘8+1’ products.

### Q-18: What kind of license will I obtain within three hours?

Answer:

Those who are using the service will receive ‘8+1’ licensing products, such as:

1. The investment license (Principle License or IP).
2. The Deed of Establishment and legal entity approval from the Ministry of Justice and Human Rights of the Republic of Indonesia.

3. Tax ID (NPWP).
4. Company Registration Number (*Tanda Daftar Perusahaan* or TDP).
5. Foreign Worker Employment Permit (IMTA).
6. Foreign Worker Employment Plan (*Rencana Penggunaan Tenaga Kerja Asing* or RPTKA).
7. Producer Importer Identification Number (API-P).
8. Custom Registration Number (*Nomor Identitas Kepabeanan* or NIK).
9. Letter on Land Availability Information (optional).

### Q-19: What is the requirement for 3-Hours Service?

Answer:

The criterias to get this investment

quick service are:

1. Planned value of investment at least IDR 100 billion, and/ or absorbing at least 1,000 local workers.
2. The investor come in person into BKPM OSS-C, if a candidate of shareholder represents other shareholders, he/ she has to bring the letter of authorization.

## D. DIRECT CONSTRUCTION FACILITY (KLIK)

### Q -20: What is the Direct Construction Facility (KLIK)?

Answer:

Ease of Direct Construction Facility (*Kemudahan Investasi Langsung Konstruksi* or KLIK), officially launched on February 22<sup>nd</sup> 2016, is a license that will be given to the investor who have investment plan in certain industrial/ bonded zones. With this license, investor is allowed to do the Construction-Stage directly after obtaining Principle License (IP).

Once the KLIK license is obtained, the investor is allowed to obtain other licenses paralelly while doing the Construction-Stage, such as Building Permit (IMB), Environmental Permit (AMDAL and UKL/UPL), etc (*Note*: these licences should be completed prior entering Commercial-Stage)

### Q -21: What is the criteria for Direct Construction Facility?

Answer:

This facility can be enjoyed by any investor because there are no minimum

investment amount required for investment value or the number of labor as long as the investment plan located in certain industrial/ bonded zones assigned by Government of Indonesia.

So far, there are 14 industrial parks that have been set up by the government to implement this facility:

- a. Central Java Province:
  1. Kendal Industrial Park
  2. Bukit Semarang Baru Industrial Park
  3. Wijayakusuma Industrial Park
- b. East Java Province:
  4. Java Integrated Industrial and Port Estate (JIPE)
- c. South Sulawesi Province:
  5. Bantaeng Industrial Park
- d. Banten Province:
  6. Modern Cikande Industrial Estate
  7. Krakatau Industrial Estate Cilegon Industrial Park
  8. Wilmar Integrated Industrial Estate
- e. West Java Province:
  9. Bekasi Fajar Industrial Estate Industrial Park
  10. Delta Silicon 8 Industrial Park
  11. Karawang International Industrial City Industrial Park
  12. Suryacipta City of Industry Industrial Park
  13. GT Tech Park Industrial Park
  14. Medan Industrial Park

Photo credit: Fitriyogi "Flyover Kelok Sembilan", 2016

The Government of Indonesia  
through BKPM  
officially launched

**"INVESTMENT 3-HOURS  
SERVICE (I23J)"**

on January 11<sup>st</sup>, 2016

&

**"DIRECT CONSTRUCTION  
FACILITY (KLIK)"**

on February 22<sup>nd</sup>, 2016

## E. FISCAL and NONFISCAL FACILITIES

**Q**-22: Is there any fiscal facility offered by government for foreign investors?

Answer:

Yes. Indonesian government provides Investment Incentives as follows:

### Import Duties

All investment projects of PMA as well as Domestic Direct Investment or DDI (*Penanaman Modal Dalam Negeri* or PMDN) projects which are approved by BKPM or by the office of investment in the respective districts, including existing FDI and DDI companies expanding their projects to produce similar product(s) in excess of 30% of installed capacities or diversifying their products, will be granted the exemption of Import Duty so that the final tariffs become 0%. This facility applicable on:

1. The importation of capital goods namely machinery, equipment, and auxiliary equipment for an import period of 2 years, started from the date of stipulation of decisions on import duty relief.
2. The importation of goods and materials or raw materials regardless



Photo credit: "Instalasi Sumur Geothermal Dieng", 2016

of their types and composition, which are used as materials or components to produce finished goods or to produce services for the purpose of 2 years full production (accumulated production time).

3. The importation of machines, goods, and materials which:
  - Are not produced in Indonesia.
  - Are produced in Indonesia but they don't meet the required specifications.
  - Are produced in Indonesia but the quantity is not sufficient for the need of the industry.

The exemption of import duty will also be granted to the importation of capital goods of electricity for an import period

of 2 years and can be extended by a maximum 1 year. This facility is not applicable for transmission, distribution, supporting services, and repairing equipment.

For the importation of goods in term of Contract of Work or CoW (*Kontrak Karya* or KK) or Coal Mining Business Work Agreement (*Perjanjian Karya Pengusahaan Pertambangan Batubara* or PKP2B) will be granted the exemption and/ or relief from import duty based on the contract.

The application can be requested by attaching recommendation letter from Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resources of the Republic of Indonesia.

## Tax Facilities (Tax Allowance)

Based on the latest Government Regulation No. 18 of 2015, pertaining to Income Tax facilities for investment in certain business sectors and/ or in certain locations, the domestic and foreign investors will be granted tax allowances in certain sector and/ or area. This latest regulation replace its previous preceding Government Regulation No. 52 of 2011.

Facilities provided by the new Government Regulation No. 18 of 2015 are:

1. Reduction of net income by 30% of the total investment in the form of tangible fixed assets, including any land used for the business main activities, shall be charged for 6 years, respectively at 5% per year calculated from the commencement of commercial production.
2. Accelerated depreciation on tangible assets and amortization on intangible assets acquired in the framework of new investment and/ or business expansion, with the usefull lives and depreciation rates as well as amortization rates.
3. The imposition of income tax on dividends paid to any non-resident taxpayer other than the form of permanent establishment in Indonesia of 10% or lower tariffs in accordance with any applicable double taxation treaty.
4. Compensation for losses that are later than 5 years but not more than 10 years, for:
  - Company located in the Industrial

Area and/ or Bonded Zone

- Company operating in construction development for infrastructure sector
- Company that use domestic raw materials at least 70%
- Company that is absorbing 500-1,000 of domestic workforces
- Company that is conducting research and development (R&D)
- Company that is doing a re-investment
- Company that exports at least 30% of its sales value

For detailed information on the list of business sectors that are eligible for tax allowance, please refer to the Attachment I & II of Government Regulation No. 18 of 2015. There are 66 business sectors listed in Attachment I and 77 business sectors listed in Attachment II.

Some of the differences in Government Regulation No. 18 of 2015 compared to Government Regulation No. 52 of 2011:

1. Criteria for companies that can get the facilities tax allowance in Government Regulation No. 52 of 2011 is now part of the requirements in the main body of the regulation. The main criteria to receive tax allowance facilities include:
  - High investment value or export-oriented
  - High labor employment absorption
  - High domestic component usage
2. Additional facility for company who re-invest and for company that export 30% of its sales value.

In regards to Green Investment, several business sectors that received tax allowance are as follows:

NO	BUSINESS SECTOR	KBLI
1	Beef cattle breeding and cultivation	01411
2	Cultivation of Teak forest	02111
3	Cultivation of Pine forest	02112
4	Cultivation of Mahogany forest	02113
5	Cultivation of Sonokeling forest	02114
6	Cultivation of Albisia/ Jeunjing forest	02115
7	Cultivation of Sandalwood forest	02116
8	Cultivation of Acacia forest	02117
9	Cultivation of Eucalyptus forest	02118
10	Cultivation of other forestry	02119
11	Gasification of coal at mine site	05102
12	Geothermal power plan	06202
13	Industry of semi-conductor and other electronic Components (including silica ingot, cell devices, Photovoltaic modules, and optical pick up, LCD TV panel, 3D TV panel, OLED TV panel, IC, smartcards	26120
14	Industry of gas tube light (compact lamp for LED)	27402
15	Industry of steam engines, turbine, and windmills	28111
16	Power plan (renewable energy conversion into electrical energy)	35101
17	Procurement of natural gas and artificial gasses	35201
18	Collection, purification, and distribution of clean water	36001
19	Urban transport (land transport non-bus, e.g. tram, street car, cable car, overhead train monorail)	49413
20	Management and disposal of non-hazardous waste	38211

#### PROCEDURE ON THE APPLICATION FOR TAX ALLOWANCE (New Applicant)

For new applicant or application of new project for tax allowance, below is the framework on the application procedures:

1. Corporate Taxpayer (company) will need to submit application of tax allowance Incentives directly by attaching its supporting documents.
2. FO of BKPM OSS-C, which consist of representatives from the 3 main government bodies: BKPM,

Directorate General of Tax and technical ministry (according to the applicant business sector) will receive and process the application.

3. Once the application assessment is completed, the BKPM will arrange for a 'Clarification Meeting' between the company and representative from Directorate General of Tax. The meeting is held for the purpose of:
  - Company presentation on the project and business plan intended to receive the tax allowance facility.
  - Inquiries by technical ministry(s), if needed, to provide further clarification in regards to the presentation and/ or application.
4. Based on the clarification meeting, one (or more) of the following will occur:
  - Ministry will issue 'Certificate on Compliance of Quantitative Requirements'.
  - BKPM will issue Change in Principal License (if needed).
  - Applicant will be required to furnish additional supporting documents.
5. In the case that clarification and document are completed, BKPM will issue 'Receipt of Application' and schedule for a 'Trilateral Meeting'.
6. Trilateral Meeting is held for final discussion in regards to the tax allowance application, to be proposed by BKPM to Ministry of Finance of the Republic of Indonesia (with Directorate General of Tax).

The Trilateral Meeting will be headed by BKPM officials and attended by representatives from BKPM, Ministry of Finance of the Republic of Indonesia, and Directorate General of Tax.

7. The Trilateral Meeting produce agreement that is recorded in meeting minutes and decision from the Chairman of BKPM pertaining to one of the following outcome:
  - Approval on the tax allowance application to be submitted to Ministry of Finance of the Republic of Indonesia.
  - Rejection on the tax allowance application.
  - Pending decision on the tax allowance application.
8. In the case of pending decision on the tax allowance, BKPM will arrange for the 'Extension Trilateral Meeting'. At the end of this meeting, decision will need to be issued pertaining to:
  - Approval on the tax allowance application.
  - Rejection on the tax allowance application.
9. The outcome of Trilateral Meeting and the arrangement for Extension Trilateral Meeting will need to be issued 15 days from the Clarification Meeting.
10. In the case of approval on the tax allowance application, Chairman of BKPM will issue 'Recommendation Letter' on the grant of tax allowance to Ministry of Finance of the

Republic of Indonesia, latest 3 working days since the Trilateral Meeting or Extension Trilateral Meeting.

11. In the case of rejection on the tax allowance application, Chairman of BKPM will need issue Rejection Letter, within 3 working days since Trilateral Meeting or Extension Trilateral Meeting.

*Note:*

The following procedures are the simplified framework on tax allowance application procedure. The full and complete details of it is available in the Regulations of Chairman of BKPM No. 18 of 2015.

## Export Manufacturing

There are many incentives provided for exporting manufactured products. Some of these incentives are as follows:

1. Restitution (drawback) of import on the importation of goods and materials needed to manufacture the exported finished products.
2. Exemption from Value Added Tax or VAT (*Pajak Pertambahan Nilai*) and Sales Tax on Luxury Goods and materials purchased domestically, to be used in the manufacturing of the exported products.
3. Can import raw materials required regarding of the availability of comparable domestic products.

## Bonded Zones

The industrial companies which are located in the bonded areas are provided with many incentives as follows:

1. Exemption from import duty, excise, income tax of imported goods (Income Tax Article 22), VAT on Luxury Goods, of the importation of capital goods and equipment including raw materials for the production process.
2. Allowed to divert their products amounted to 50% of their export (in term of value) for the final products, and 100% of their exports (in term of value) for other than final products to the Indonesian customs area, through normal import procedure including payment of customs duties.
3. Allowed to sell scrap or waste to Indonesian custom area as long as it contains at the highest tolerance of 5% of the amount of the material used in the production process.
4. Allowed to lend their own machineries and equipment to their subcontractors located outside bonded zones for no longer than 2 years in order to further process their own products.
5. Exemption of VAT and Sales Tax on Luxury Goods on the delivery of products for further processing from bonded zones to their subcontractors outside the bonded zones or the other way around as well as among companies in these areas.

## Free Trade Zone

The companies operating in Free Trade Zone or FTZ (*Zona Bebas Perdagangan*) areas enjoy several incentives such as exemption of import duty and excise, import-related taxes (VAT, Withholding Tax/ Income Tax) not collected. Additionally, FTZ also offer faster issuance on investment related licenses and immigration clearance in terms of foreign employee. The limitation for operating in FTZ is that exporting goods out of FTZ into Indonesian custom area, will apply the tax duty and excise back on the previously duty exempted goods.

## Q -23: What about investors?

Answer:

According to the Regulation of the Ministry of Finance No. 159/PMK.010/2015 and the Regulation of the Chairman of BKPM No. 19 of 2015 the applicant or company should meet the following criteria:

1. The company was established as an Indonesian business entity after 15<sup>th</sup> August 2011.
2. Having new investment plan which has institution of no less than IDR 1,000,000,000,000,- (trillion Rupiah).
3. Submitting statement of ability to place fund in Indonesia banking



of not less than 10% of the total investment plan as referred to in letter point 2, and such fund shall not be withdrawn before the commencement of investment realization implementation.

4. Be involved in 'Pioneer Industry' such as:
  - Upstream metal industry
  - Oil refining industry
  - Industry of organic basic chemicals derived from oil and natural gas
  - Industry of machinery that produces industrial machinery

## tax holiday for foreign

- Processing industry of agricultural, forestry and fishery products
- Industry of telecommunications, information and communication
- Marine transportation industry
- Processing industry which is a major industry in the Special Economic Zone or SEZ (KEK); and/or
- Economic infrastructure in addition to the use of Government and Business Entity or Public Private Partnership (PPP/ KPBU) Scheme.

It is, then, eligible for the following incentives:

**THE COMPANY CAN  
IMPORT RAW  
MATERIALS REQUIRED  
REGARDING OF THE  
AVAILABILITY OF  
COMPARABLE DOMESTIC  
PRODUCTS**



*Photo credit: Stanlie "Produk Ekspor Industri Padat Karya", 2016*

1. An exemption from corporate income tax for a period from 5 and up to 15 years, beginning from the first date of commercial production.
2. Corporate Income Tax Reduction shall be granted not exceeding 100% and not less than 10% of the total amount of payable Corporate Income Tax.

## Q 24: Besides fiscal facilities, is there any other facility provided?

Answer:

Yes. Starting 2016, the government accelerates custom clearance process for imported capital goods, aiming at speeding up project under construction. Capital goods no longer need screening at the ports. So, it will cut the processing time from five days to only 30 minutes.

Since September 2015, Indonesian government has been issuing several economic policy packages, among others, to improve investment climate. We set a minimum wage formula so investors can predict annual increase of wage, considering inflation and economic growth. We support business to reduce production costs, by cutting the price of fuel, gas, and electricity for industry. We revised the Indonesia Investment Guidance (DNI) to be more open and easier for (foreign) investors, including industrial sector, creative economy, and tourism.



Photo credit: Buruh garmen - Ruteur

# Q

## GOVERNMENT SUPPORTS



*Photo credit: Said Harahap "Gerbang Masyarakat Ekonomi ASEAN", 2016*

## A. LABOR

### Q-25: What is the minimum wages in Indonesia?

Answer:

In Indonesia, minimum wages is the monthly wage payable to labor. It is mainly consist of fixed basic wage that is stipulated by regional governor as safety net.

### Q-26: What is the list of minimum wage in Indonesia for the year of 20XX?

Answer:

The latest Government Regulation No. 78 of 2015 regarding Wages (GR 78) introduces several important changes, notably those concerning the calculation of provincial minimum wages and the requirement that all employees in Indonesia be paid in Rupiah.

GR 78 implements the Article 97 of Law No. 13 of 2003 regarding Manpower, and repeals and replaces Government Regulation No. 8 of 1981 regarding the Protection of Wages.

The main points of GR 78 are:



Photo credit: Pekerja merakit motor di pabrik Astra Honda Motor

- Minimum wage calculation GR 78 introduces a new formula for provinces to calculate their minimum wage each year, beginning in 2016. The introduction of the formula should bring certainty to the annual calculation of minimum wage and help create a more reliable business climate. The new formula is as follows:  
New minimum wage = current minimum wage + (current minimum wage x (Inflation + % GDP annual increase during the year))
- Wages must be paid in Rupiah  
The Article 21 of GR 78 requires that wages for all employees be paid in Indonesian Rupiah and does not differentiate between foreign and local employees.
- Wage scale and structure  
GR 78 requires employers to prepare a wage scale and structure for employees by taking into consideration the group, positions, years of service, education, and competence of employees. Employers must inform employees of this wage scale and structure, and GR 78 requires that a copy of the wage scale and structure be attached to company regulation registration or renewal applications.

Type of insurance	Employer's contribution	Employee's contribution
<b>Workers (BPJS Ketenagakerjaan or BPJS-TK)</b>		
<b>Work accident</b>	0.24% - 1.74% (depending on industry)	None
<b>Death/ life insurance</b>	0.30%	None
<b>Old age</b>	3.70%	2.00%
<b>Pension *</b>	2.00%	1.00%
<b>Health (BPJS Kesehatan or BPJS-KS)</b>		
<b>Health *</b>	4.00%	1.00%
*) With a maximum salary cap of IDR 7,000,000.		

**Q**-27: Is there any obligation for employer to pay employees provident fund or other social security fund?

Answer:

Yes, based on State Law No. 24 of 2011, employer will have to contribute a certain share based on employee monthly wage into the social security funding programme. The programme will provide economic assurance for every employee's wellbeing.

The new Social Security Agency for Workers and/ or Health (*Badan*

*Penyelenggara Jaminan Sosial untuk Ketenagakerjaan dan/ atau Kesehatan* or BPJS-TK and BPJS-KS) will continue to ensure that employer takes part in the mandatory social security programmes such as Pension Guarantee, Life Insurance, and Work-accident Insurance.

For more information on the details to social security pay-out structure, submission of application, working details, and latest updates please directly contact BPJS for Workers at [www.bpjsketenagakerjaan.go.id](http://www.bpjsketenagakerjaan.go.id) and BPJS for Health at [www.bpjs-kesehatan.go.id](http://www.bpjs-kesehatan.go.id).

**Q**-28: Can I employ foreigners in my company and how many foreigners are allowed?

Answer:

Yes, in the framework of investment, foreigners are allowed to hold positions where Indonesian nationals are not available or do not meet the requirements to do the job and subject to the conditions that such positions are open for foreigners. Foreigners can be employed in Indonesia only for certain

Foreigners are allowed to hold positions where Indonesian nationals are not available or do not meet specific requirements.



Photo credit: Jimmy Sanjaya "Kegiatan Industri 4", 2016

positions and period.

Employers of foreign workers in this shall include:

1. Government body(s)
2. International body(s)
3. Representatives of foreign country
4. International organization
5. Foreign Company Representative Office (KPPA), Foreign Company Trade Representative Office (KP3A), Foreign Press Office
6. Foreign private company, foreign business entity
7. Legal Entity established under the Indonesian Law in form of Ltd. (PT) or foreign private organisation
8. Social institute and other institute for religious, education, or cultural purpose
9. Impresario service entity

Employers of foreign labor can only employ foreign workers in an employment relationship for a certain position and a certain time.

Employers of foreign labor in the form of Federal Civil Firm (*Firma/ Fa*), the Limited/ Federal Partnership (CV), Associated Business (*Usaha Bersama* or UB), Trading Company (*Usaha Dagang* or UD) prohibited from employing foreign labor except as provided in the State Law.

**Q**-29: What about employing foreigner as a member of board of director?

Answer:

For all FDI, a foreigner could hold position as a member of:

1. Board of Director (BOD)
2. Board of Commissioner (BOC)
3. Builder Members
4. Board Members
5. Supervisory

According to the Attachment of

Manpower Decree No. 40 of 2012, foreigner cannot hold a position as:

1. Personnel Director
2. Industrial Relation Manager
3. Human Resource Manager
4. Personnel Development Supervisor
5. Personnel Recruitment Supervisor
6. Personnel Placement Supervisor
7. Employee Career Development Supervisor
8. Personnel Declare Administrator
9. Chief Executive Officer
10. Personnel and Careers Specialist
11. Personnel Specialist
12. Career Advisor
13. Job Advisor
14. Job Advisor and Counseling
15. Employee Mediator
16. Job Training Administrator
17. Job Interviewer
18. Job Analyst
19. Occupational Safety Specialist

**Q**-30: How much the charges working permit for foreigner?

Answer:

Companies employing foreigners are charged USD 100/ month (USD 1,200 per year per foreign employee as compensation fund for foreign workers (Article 40 Manpower Act No. 35 of 2015). This charge is administered through government bank which is appointed by Minister of Manpower of

the Republic of Indonesia.

**Q**-31: What is the flow procedures to recruit foreign worker?

Answer:

First of all, employer (either local or PT. PMA) should submit Foreign Worker Employment Plan (RPTKA) application via online to the Ministry of Manpower of the Republic of Indonesia to get approval through link <http://tka-online.naker.go.id>.

Once approved, Indonesia Ministry of Manpower of the Republic of Indonesia will issue RPTKA Endorsement to the employer. The RPTKA Endorsement will then be used for Foreign Worker Employment Permit (IMTA)'s application. This application should be submitted via online to the Directorate General of Guidance Employment and Broaden Employment Opportunities through the Director of Foreign Manpower Management or go to BKPM OSS-C.

General requirement for IMTA as follows:

1. RPTKA Endorsement.
2. Transfer receipt of Compensation Fund for Foreign Worker (*Dana Kompensasi Penggunaan* or DKP) with the value of USD 1,200 per year from Government Bank, which is appointed by Minister of Manpower of the Republic of Indonesia.
3. Proof of insurance policy from the



Photo credit: Misbachul Munir "Industri Kayu Olahan Plywood & Pulp", 2016

- insurance company incorporated in Indonesia.
4. Foreign worker's passport.
  5. Photo size of foreign worker 4×6 cm (2 copies).
  6. Sufficient educational background proof from the foreign worker for the job position.
  7. Competency certificate or working experience minimum 5 years correspondent with the job position.
  8. Contract agreement between the foreign worker and the employer.
  9. Recommendation for the foreign worker from the authorized agency based on the job field (if required).

After receiving IMTA, employee will then be able to apply for Temporary Stay Visa (*Visa Tinggal Terbatas* or VITAS). General requirement for VITAS application as follows:

1. Application letter
2. Copy of savings book
3. Valid passport with minimum 18 months validity for 1 year stay period or 30 months validity for 2 years staying period
4. Recommendation letter: RPTKA & IMTA

There are 2 options for VITAS application:

1. VITAS which is submitted by the employer:
  - The employer submits VITAS application to Directorate of Immigration.
  - The employer has to pay for the telex visa approval cost.
  - When the VITAS application is approved, the employer will get visa approval letter,



and the approval was also sent to Indonesian Embassy representative.

- The foreign worker has to come to the Indonesian representative to apply for a visa while carrying the approval letter and pay for visa fee.
- After obtaining a visa, the foreign worker will head to Indonesia, and will be granted with admission stamp upon arrival.
- Foreign worker should report to the local immigration office where he/ she domicile in Indonesia to take biometric and interview and also pay the cost of limited stay permit.
- VITAS issued.

## 2. VITAS which is submitted by the foreign worker:

- The foreign worker submits VITAS application to Indonesian Embassy Representative.
- The foreign worker should pay for the telex visa approval cost.
- The Indonesian Embassy Representative will forward the application to Directorate of Immigration.
- When the VITAS application is accepted, The Indonesian Embassy Representative will issue the visa. The foreign worker also has to pay for the visa fee.
- After obtaining a visa, the foreign worker will head to Indonesia, and will be granted with admission stamp upon arrival.
- Foreign worker should report to

the local immigration office where he/ she domicile in Indonesia to take biometric and interview and also pay the cost of limited stay permit.

- VITAS issued.

The foreign worker should apply for KITAS from the local immigration office where he/ she domicile in Indonesia within 7 days after entering Indonesia. The following procedures also applies to the temporary hired foreigner/ expertise, such as specialized technician for temporary repair work, expert personnel for short-term job position and any affiliated foreigner for specific work function.

**Q-32: What are the procedures to apply for Foreign Worker Employment Plan (RPTKA)?**

**Answer:**

Employers who will employ foreign worker shall have RPTKA. RPTKA is a basis to obtain Foreign Worker Employment Permit (IMTA). In order to receive RPTKA, the employer must apply via online to the Directorate General of Guidance Employment and Broaden Employment Opportunities through the Director of Foreign Manpower Management by enclosing:

1. Explanation and reason to employ expatriate.

2. Completed RPTKA form.
3. License from authorizing ministry.
4. Article of association of legal entity that has been legalized by authorized ministry.
5. Organization structure of the employer company.
6. Letter of the employer domicile from regional government.
7. Letter of Appointment for Indonesian manpower as assistant to the foreigner and mentoring program plan.
8. Letter of Statement for the capacity to provide education and training for Indonesian manpower in accordance with the qualifying position occupied by the foreign worker
9. Employer Tax ID (NPWP).
10. Copy of valid obligatory report of employment in accordance to State Law No. 7 of 1981.
11. Recommended position that will be occupied by the foreign worker from technical ministries (if required).

## Q -33: Can foreign worker/ foreigner hold multiple jobs in Indonesia?

Answer:

According to the Article 42 paragraph (4) and (5) of Law of the Republic of Indonesia No. 13 of 2003 pertaining to Employment, foreign labor can only be employed in Indonesia for a stipulated position and department.



As a follow up to the above regulation, Ministerial Decree of Manpower No.16 of 2015 article 41 concerning Procedures for Licensing Hiring Foreign Workers stipulate, that the employer (sponsor) of foreign labor is prohibited to hold more than 1 job position or department.

Additionally, employer or sponsor of foreign labor is prohibited from employing foreign labor that has already been employed by other employer, unless the foreign labor is appointed as Director or Commissioner in other company as stated in its General Meeting of Shareholders.

## Q -34: What is the procedure to recruit a local worker?

Answer:

According to the Article 35 of Law of the Republic of Indonesia No. 13 of 2003 about Manpower, employer can recruit a local worker directly or through a worker placement service providers or agency. The employer shall provide protection covering welfare, safety, and physical and mental health of the worker. The worker placement service agency shall provide protection as from the recruitment to the manpower placement.



Photo credit: Jakarta Globe

## Q-35: What is the status of working relations between employer and employee?

Answer:

There are 2 kinds of working relations between employer and employee:

1. Working relation for unspecified period applied to permanent employee. The working agreement for unspecified period can require a probation period for 3 months at the maximum and the wage received by the employee shall not below the minimum wages.
2. Working relation for specified period. This working relation shall be based on the period of time (maximum 3 years) and the completion of a certain job. Working agreement for specified period cannot require a probation period. It can be applied for a period of 2 years at the maximum and only extendible once for 1 year at the maximum.

*Note:*

Please refer to Law of the Republic of Indonesia No.13 of 2003 for further information.

## Q-36: Is outsourcing allowed?

Answer:


Yes, it is allowed. Outsourcing in this regard, is defined as a submission of partial execution of the work or business process to other business entity by entering into full work contract or provision of services contract. However in society perspective, majority of the outsourced workers are employed under temporary appointment work agreement or temporary contract worker.

Related with this, there will be 2 definitions of outsourcing:

1. If what is meant for outsourcing is the recruitment of workers directly conducted by the employer with the status of working relationships are specified period and unspecified period work agreement, thus this outsourcing definition is associated with the Article 56-59, Law of the Republic of Indonesia No.13 of 2003 and Ministerial Decree of Manpower No.100/MEN/VI/2004.

Specified period work agreement is for a particular job that will be completed within a specified time, which included in a category, as follows:

- Job which is once done or temporary
- Job which is estimated a maximum of 3 years for its completion



EVERY LABOR SHALL  
ENTITLE TO ESTABLISH  
AND BECOME A  
MEMBER OF LABORS  
UNIONS

- Job which is seasonal
- Job which is deal with new product, new activity or additional product that are still in experiment or poll

Meanwhile, uncertain time work agreement is for the job that does not meet the certain time work agreement's categories.

2. If what is meant for outsourcing is submission of partial execution of the work or business process to a party or other company, then outsourcing in this definition must be in accordance with Ministerial Decree of Manpower No.19 of 2012. Submission of partial execution of the work or business process to a party or other company is divided into 2 types, which are:

- Whole package service provider, must meet the conditions, as follow:
  1. Conducted separately from the main activity, not only management but also the implementation of work activities.
  2. Performed with a direct order or indirect order from the employer.
  3. Supporting activities that support and facilitate the main activity.
  4. Do not hinder production process directly.

- Worker service provider (worker only), should be a supporting service or not deal directly with the production process:
  1. Cleaning service
  2. Catering for workers
  3. Security
  4. Supporting services in oil and gas industry
  5. Transportation provider for workers

## Q-37: Is it allowed to establish a labor union in Indonesia?

Answer:

Yes. according to the Article 102 of Act No. 13 of 2003 about Manpower, Labors and Labors Unions shall function to execute jobs in accordance with their obligations, maintain orderliness for continuous production, channel their aspirations democratically, and develop their skill and expertise as well as to take part in promoting companies and ensuing welfare of their members and families.

Every labor shall entitle to establish and become a member of labors unions. The labors union shall entitle to accumulate and manage funds as well as to hold accountability for the funds of organization.

**Q -38: How's the role of government in case of dispute between the employer and labor union?**

Answer:

According to the Article 102 of Act No. 13 of 2003 about Manpower, Labors and Labors Unions, the government shall function to stipulate policies provide service, supervise, and take action against any violation of provisions of law in force. The government refers to the Ministry of Manpower of the Republic of Indonesia at the national level, and Department of Manpower at provincial level.

Representative of government is member of the tripartite cooperation institutions, together with employer organization and labors union. Tripartite cooperation institution provides recommendations, suggestions and opinions for the government and parties concerned in the formulation of policies and settlement of manpower issues.

In the case of industrial relations dispute, employer and labors union should undertake negotiation at the first place. If negotiation fails, the dispute should be brought to tripartite cooperation institution.

*Note:*

Further information about industrial relations dispute settlement can be referred to Act of the Republic of Indonesia No. 2 of 2004 concerning Industrial Relations Disputes Settlement.

**Q -39: Is there any law in Indonesia that regulates labors strike?**

Answer:

Yes, Labors strikes is regulated by the Minister of Manpower Decree No. 232 of 2003. According to this regulation, strike is defined as labors'/ workers' action which is projected and carried out jointly and/ or by worker/ labors union to stop or slow down the works. Strike is part of human right of workers/ labors that should be conducted legally, orderly and peacefully as the consequence of failed negotiation.

Failed negotiation shall be negotiation that all parties could not reach an agreement in the dispute settlement because the employer is not willing to conduct negotiation or the worker/ labors union or the workers/ labors have requested in writing the employer 2 (twice) within the period of 14 working days or the negotiation is deadlocked stated by the parties in the minutes of negotiations.

The strike shall be deemed illegal if it is conducted:

1. Not because of failed negotiations; and/ or;
2. Without notification to the employer and competent agencies in the field of manpower;
3. With a notification of less than 7 days before the implementation of the strike;
4. At a public company and/ or a similar

company in which the activity may harm safety of human being.

An Illegal strike as meant shall be classified as absent. The summon to resume work for the strikers shall be conducted by the employer twice consecutively within the grace period 7 days in the form of appropriate and writing summons. The workers/ labors who do not answer the summon shall be considered to have resigned.

In the case of workers staging labors strike legally in raising demand for normative rights rally violated by employer, they shall be entitled to obtain wage.

with labors union or labors individually in the case of the said laburs is not members of labors union.

In the case of the negotiation as meant in the above paragraph totally fail to result in an agreement, employer only can discontinue working relations with labors after obtaining a stipulation from the authorized to settle industrial relations dispute.

Application for stipulation of discontinuation of working relations shall be submitted in writing to the institution authorized to settle industrial relations dispute, accompanied by reasons as the basis of the discontinuation.

## Q-40: What is the regulation of employment terminaton?

Answer:

The discontinuation of working relations is regulated in Chapter XII Act No. 13 of 2003 on Manpower. Labors dismissal shall be termination of working realtions because of a certain matter that discontinues rights and obligations between workers/ labors and employer.

Employer, labors, labors unions, and the government, by all means, shall strive to avoid discontinuation or working relations. In the case of all efforts being made, but discontinuation of working relations being unavoidable, employer shall negotiate the plan for discontinuation of working relations

The institution authorized to settle industrial relations dispute can accept the application for stipulation if it has been negotiated. The institution authorized to settle industrial relations dispute only can issue stipulation of the application for discontinuation of working relations if the plan for discontinuation of working relations has been negotiated by the negotiation failed to result in an agreement.

Employer shall be prohibited from discontinuing working relations with the following reasons:

1. Workers/ labors fail to come because they are sick according to certificate of doctor as long as the period of absence does not exceed 12 months continuously.
2. Workers/ labors are unable to undertake their jobs because they

- have to fulfil obligations to the state in accordance with the provisions of laws.
3. Workers/ labors who practice their religions.
  4. Workers/ labors who perform marriage.
  5. Female workers/ labors who are pregnant, give birth, suffer abortion.
  6. Workers/ labors who have blood relations by the same and/ or married with the other workers/ labors in companies, unless otherwise stipulated in working agreement, corporate rule or collective working agreement.
  7. Workers/ labors establish, become members and/ or executive of workers/ labors unions, workers/ labors undertake activities or workers/ labors unions outside the working hour during the working hour on the basis of agreement of employer or on the basis of the provisions stipulated in working agreement, corporate rule or collective working agreement.
  8. Workers/ labors report employer to the authorized parties with regard to action of employer committing act of crime.
  9. Because of the different faith, religion, political ideology, ethnic, race, group, sex, physical condition or marital status.
  10. Workers/ labors disabled permanently, sick because of working accident or disease related to working relations whose recovery period, according to letter of doctor,

cannot be ascertained yet.

Application for stipulation of discontinuation of work relations shall be unnecessary, in the case of:

1. Workers/ labors being in the probation period, if it has been stated in writing previously.
2. Workers/ labors tendering their resignation, in writing on the basis of their intention without indication of pressure or intimidation from employers.
3. Expiration of working relations in accordance with working agreement for a specified period for the first time.
4. Workers/ labors enter the mandatory retirement age in accordance with the stipulation in working agreement, corporate rule, collective working agreement or laws in force.
5. Workers/ labors passed away.
6. In the case of labors dismissal, employer shall be obliged to pay appropriate severance payment and/ or gratitude payment.

**EMPLOYER, LABORS,  
LABORS UNIONS AND  
THE GOVERNMENT,  
BY ALL MEANS, SHALL  
STRIVE TO AVOID  
DISCONTINUATION OF  
WORKING RELATIONS.**



## B. LAND-OWNERSHIP

### Q -41: Can I buy and own land in Indonesia?

Answer:

The investors can buy and own land in Indonesia for a specified period of time by means of the following rights:

1. The Right of Exploitation (*Hak Guna Usaha* or HGU) is granted for a period of not longer than 25 years and could be renewed for 25 years. To an enterprise/ a corporate bodies that needs a longer period, HGU for not longer than 35 years may be granted.
2. The Right of Building (*Hak Guna Bangunan* or HGB) is the right to build and to own buildings on land which is not one's property for a period of not longer than 30 years and can be extended by a period not longer than 20 years.
3. The Right of Use (*Hak Pakai*) is the right to use and/ or to collect the product, from land directly controlled by the state, or land owned by the other persons which gives the rights and obligations stipulated in the decision upon granting his right by the authorized official, or in the agreement to work the land, as far as it is not conflict with the spirit and the provision of the law.

HGU, HGB, and The Right of Use can be held by Indonesian citizen, foreigner residing in Indonesia, corporate bodies that are established under Indonesian Law and are based in Indonesia, and foreign companies that have a representative office in Indonesia.

The ownership of HGU and HGB is allowed to change during the validity of contract period. Meanwhile, The Right of Use of land can be transferred to another party with approval of relevant government official.

The Right of Use of land belonging to individuals can also change hands.

### Q -42: Can a foreigner or PT. PMA purchase a property in Indonesia?

Answer:

Yes, it depends on the type of property:

1. For a landed building (house, office, factory) it is only allowed for a foreigner or PT. PMA and the status of the land is The Right of Building (HGB) or the Right of Use.

Regarding the ownership of landed house, recently the Government of Indonesia has revealed the new Government Regulation No. 103 of 2015 on House Ownership of Foreigners Residing in Indonesia. This regulation allows foreigners to buy a landed houses under the Right of Use



category for a period up to 80 years (an initial period of 30 years and can be extended twice by 20 years and a further 30 years).

2. For a condominium or apartment and office space, the foreigner or PT. PMA can own it as long as it isn't a part of a government-subsidized housing development and the land status of the building is strata title status under the Right of Use.

Still based on the same regulation, regarding apartments, foreigner allows to purchase an apartment under the Right of Use category and this is only involves luxurious apartments priced over IDR 10 billion.

**Q**-43: I want to buy plantation land in Indonesia. What will be the status of the land?

Answer:

1. The title of the plantation land is The Right of Exploitation (HGU) for agricultural, fishery or animal husbandry purposes. You may buy and own the land, but the status of the land is state-owned land and the HGU is only valid for certain period of time.
2. The type of plantation crops should be suitable with the HGU.

3. This right can be held by Indonesian individuals or entities as well as government approved PT. PMA (foreign joint venture) companies and may be mortgaged.

**Q**-44: What is the status of land for a PT. PMA who is a property developer?

Answer:

PT. PMA who is a property developer may buy a land in Indonesia to develop the property. The status of the land is The Right of Building (HGB) which will be split to small lots accordingly. Later on, the buyer of the property could apply to change the status of the land lots to The Right of Ownership (*Hak Milik*) which is allowed only for Indonesian citizen.

PMA that is located and carries out business activities in Indonesia and foreign individual who is working and earn income in Indonesia generally have to assume the same tax obligations as resident taxpayers. A self-assessment method is used to calculate income tax.

Tax rates for individual(s) and corporate are described in the following tables:

Tax rates for individual (s)	
Taxable annual income	Income tax rate
Up to Rp. 50 Million	5%
Over Rp. 50 Million to Rp. 250 Million	15%
Over Rp. 250 Million to Rp. 500 Million	25%
Over Rp. 500 Million	30%

Tax rates for corporate (s)	
Years	Income tax rate
2009	28%
2010 and onwards	25%
Limited company which 40% of their shares trade in stock exchange market	5% lower than normal rate
Gross turnover up to Rp. 50 billion	5% deduction from normal rate

## C. TAXATION

**Q**-45: How is the tax structure for FDI?

Answer:

The basic tax obligation is Income Tax (*Pajak Penghasilan* or PPh) which is progressive and applied to both individual(s) and enterprises. A PT.

Withholding Tax (*Pajak Pemotongan*) system is used in Indonesia to collect the income tax. Where a particular item of income is subject to withholding tax, the payer is responsible for withholding or collection of the tax. For example, employers are required to withhold income tax of the salaries payable to their employees and pay the tax to the tax office on their behalf.

*Note:*

Detailed information on Income Tax should refer to The Income Tax Law No. 36 of 2008.

## Q-46: Is there any other information related to tax obligation for foreign investors?

Answer:

### Land & Building Tax (*Pajak Bumi dan Bangunan* or PBB)

The owners of land & buildings have to pay tax annually on land, buildings and permanent structures. The effective rates are nominal, typically not more than one tenth of one percent per annum (0.1%) of the value of such assets.

### Value Added Tax or VAT (*Pajak Pertambahan Nilai* or PPN)

In normal cases, 10% VAT is applied to imports, manufactured goods and most services. However, according to the Government Regulation No. 7 of 2007. Free Charge of VAT to the importation of certain VAT charged goods having the strategic term which consist of:

1. Capital goods in the form of machineries and factory equipment, either in installed or separated, including spare parts.
2. Feed of poultry and fish and raw materials to make feed.
3. Seed and/ or seeding of agricultural material, plantation, forestry, livestock, aquaculture, or fishery.
4. Agricultural products.

### Sales Tax on Luxury Goods (*Pajak Penjualan atas Barang Mewah* or PPnBM)

These tax ranges from 10% to 75%. The list of the tax should be referred to The Government Regulation No. 12 of 2001 jo. No. 43 of 2002 jo. No. 46 of 2003 and other related tax implementation regulations.

### Stamp Duty

The stamp duties nominal are either IDR 3,000 or IDR 6,000 on certain documents. The rate of IDR 6,000 is applicable for letters of agreement and other letters, such as Notary Deed and Land Deed including its copies. For all documents bearing a sum of money, the rate is IDR 6,000 when the value stated in the document is more than IDR 1 million, and IDR 3,000 when the value is between IDR 500,000 and IDR 1 million. Below IDR 500,000 is not subject to stamp duty. For cheques, the rate is IDR 3,000 regardless of money value stated.

### Deemed Withholding Tax

Applicable for Trade Representative Office in Indonesia. Decree of Directorate General of Taxation, KEP-667/PJ./2001, states that deemed withholding tax for Trade Representative Office is payable at the rate of 0.44% out of 1% gross export value.

This is only applicable to foreign taxpayer that has no double-tax treaty agreement. For more information of

the payment details, please refer to Directorate General of Taxation Circular No. SE-2/PJ.03/2008.

Tax aside, local government at provincial or municipal level sometimes apply retribution for some business sectors. It varies from each region.

## D. IMMIGRATIONS

**Q -47: Do I need a visa to visit Indonesia?**

Answer:

Yes, foreigners who will travel to Indonesia should apply visa from the Indonesian Embassy in their respective countries unless they come from one of the visa exempt countries or one of the countries eligible for Visa on Arrival or VOA (*Visa Kunjungan Saat Kedatangan*).

All visitors must hold a passport valid for 6 months from the date of arrival and have valid return ticket. The immigration officer at the port of entry may ask the passenger to produce any necessary documents (such as hotel reservation and proof of finance).

Regarding the purpose of visit, the visitors with ASEAN Countries nationalities are able to visit Indonesia without any visa for the purpose of official duties, education, tourism, business, government and social culture purpose. They may stay up to 30 days

with no option of renewal or converted to other type of visa.

**Q -48: I have heard about Visa Free Visits to Indonesia, may I know what is it about?**

Answer:

Based on the Presidential Regulation No. 104 of 2015 on Amendment of Presidential Decree No. 69 of 2015 on the Visa Free Visits, the Government of Indonesia provide more flexibility for foreign tourists to visit Indonesia and increased the number of countries granted exemptions from the obligation to have a visitor's visa for a limited time frame and for specific purposes.

Nationals holding passport from the following 90 countries and territories are eligible to enter and remain in Indonesia without a visa for 30 days and with no option of renewal of converted to other type of visa.

Passport holders from 15 countries and territories can visit Indonesia for the purpose of tourism, business, education, government related tasks, socio – culture, journalism or transit. These 15 countries can enter and exit Indonesia through any airport or harbour. Meanwhile, nationals from 75 countries and territories can visit Indonesia for the purpose of tourism only and can only enter and exit Indonesia through certain airports and harbours:

**15 Countries Visa Free Visits**

Brunei Darussalam	Ecuador	Macau SAR	Myanmar	Singapore
Cambodia	Hongkong SAR	Malaysia	Peru	Thailand
Chile	Laos	Morocco	Philippines	Vietnam

**75 Countries Visa Free Visits**

Algeria	Denmark	Japan	New Zealand	South Africa
Angola	Egypt	Jordan	Norway	South Korea
Argentina	England	Kazakhstan	Oman	Spain
Austria	Estonia	Kuwait	Panama	Suriname
Azerbaijan	Fiji	Kyrgyzstan	Papua New Guinea	Sweden
Bahrain	Finland	Latvia	Poland	Switzerland
Belarus	France	Lebanon	Portugal	Taiwan
Belgium	Germany	Liechtenstein	Qatar	Tanzania
Bulgaria	Ghana	Lithuania	Romania	Timor Leste
Canada	Greece	Luxembourg	Russia	Tunisia
China	Hungary	Maldives	San Marino	Turkey
Commonwealth of Dominica	Iceland	Malta	Saudi Arabia	United Arab Emirates
Croatia	India	Mexico	Seychelles	USA
Cyprus	Ireland	Monaco	Slovakia	Vatican City
Czech Republic	Italy	Netherlands	Slovenia	Venezuela

## CERTAIN AIRPORTS & HARBOURS SPECIAL FOR 75 COUNTRIES TO OBTAIN VISA FREE VISIT:

### Five airports

- Bali; Ngurah Rai International Airports (DPS).
- Jakarta; Soekarno Hatta International Airport (CGK).
- Medan; Kualanamu International Airport (KNO).
- Surabaya; Juanda International Airport (SUB).
- Batam; Hang Nadim International Airport (BTH).

### Nine harbours

- Batam, Batam Center Harbour.
- Batam, Citra Tri Tunas Harbour.
- Batam, Marina Teluk Senimba Harbour.
- Batam, Nongsa Terminal Bahari.
- Batam, Sekupang Harbour.
- Bintan, Sri Bintan Harbour.
- Bintan, Tanjung Uban, Bentan Telani/Lagoi Harbour.
- Riau, Karimun, Tanjung Balai Karimun.
- Riau, Tanjung Uban, Sri Udana Lobam Harbour.

of 30 days by paying a certain amount of money. The rate is the same for any passenger of any age. Infants need to pay this visa fee as well. The Indonesia VOA can be extended once by another 30 days:

- |              |           |
|--------------|-----------|
| 1. Andorra   | 3. Brazil |
| 2. Australia | 4. Libya  |

Nationals who are not eligible for Visa Free Visits or VOA need to apply the visa at an Indonesian embassy or consulate. Nationals from 10 following countries require an approval from Immigration Office in Indonesia before travelling for business, tourist and social visits purposes:

- |                |                |
|----------------|----------------|
| 1. Afghanistan | 6. Niger       |
| 2. Cameroon    | 7. Nigeria     |
| 3. Guinea      | 8. North Korea |
| 4. Israel      | 9. Pakistan    |
| 5. Liberia     | 10. Somalia    |

**Q**-49: Other than Visa Free Visits, is there any kind of visa?

Answer:

Yes, they are Visa on Arrival (VOA) and Visa before Arrival or Indonesian Calling Visa.

Nationals of the following 4 countries may apply for a VOA for a length of stay

**Q**-50: What are the general requirements to apply visa?

Answer:

All the applicants for any types of visa must comply with the general requirements below:

1. Provide complete and signed visa application form. The application form is available in the Embassy or could be downloaded from the



website of respective embassy of intended application.

2. The original passport and the copy.
3. The passport must have at least 2 blank pages left for the use of visa sticker and stamps. For single entry visa, the passport must be valid for at least 6 months after the date of entry, and for the multiple business visa and Temporary Stay Visa (VITAS), it must be valid for at least 18 months after the date of entry.
4. A guarantee of the available of funds to cover living expenses while in Indonesia (e.g. the last 3 months bank statement or traveller's cheque).
5. Two (2) photos (with colour backgrounds, passport size).
6. The applicants are not in the immigration alert list and come in person.

*Note:*

- The Embassy has the authority to reject any applicants.
- Additional documents will be required, depending on the purpose of stay.

## Q-51: How much should I pay for the visa?

Answer:

In regards to visa application fees, the currency fluctuation visa fees are adjusted accordingly to the each country's currency. For this reason, each visa applicant is recommended to contact directly to the Indonesian Embassy or Consulate General located at the respective country. In the case where Indonesian Government representative is not available at the applicant resident city or area, please do contact Indonesian Minister of Foreign Affairs of the Republic of Indonesia at the following links: [www.kemlu.go.id](http://www.kemlu.go.id).

## Q-52: How to apply for visa to work and stay in Indonesia?

Answer:

The applicant can apply online by go to website [www.imigrasi.go.id](http://www.imigrasi.go.id) and click Visa Section or come directly to Directorate of Immigration.





Photo credit: Dwi Prasetya "Industri Penerbangan", 2016

Any foreigner intending to work and stay in Indonesia must get Temporary Stay Visa (VITAS). To get VITAS, applicant must have a sponsor both in their home country and in Indonesia.

The application should be submitted by sponsor in Indonesia to the Directorate

General of Immigration in Jakarta. Once the application approved, the Directorate General of Immigration in Jakarta will give the approval letter to the sponsor or counterpart in Indonesia and to the Indonesian Embassy where the visa will be collected.

The embassy will issue the VITAS only after receiving approval from the Directorate General of Immigration in Jakarta. Once the foreigner enters Indonesia by using VITAS, they should apply for Temporary Stay Permit Card (KITAS) from the local immigration office.

*Note:*  
Application of working permit will be explained further in the Chapter of 'Labors Law'.

**Q**-53: Can i bring my family to Indonesia?

Answer:

Yes, you can bring your family to Indonesia. They should get Temporary Stay Visa (VITAS) and Temporary Stay Permit Card (KITAS) by following the same procedures mentioned above.

**Q**-54: Is there any facilitation of visa for investors?

Answer:

Yes, there is visa facilitation scheme applicable for investor in the Special Economic Zone or SEZ (KEK). Currently, Head of Integrated Investment Service Unit (*Kepala Unit Pelayanan Investasi Terpadu* or UPIT), which has been designated by the Director General of Immigration to implement the licensing

authority in the provision of facilities for licenses and investment to investors who are in a SEZ which cover certain areas in Batam, Bintan and Karimun in Riau Islands.

Immigration officials can grant approval of Limited Stay Visa to foreigners who live in the SEZ for people coming as:

- Investors
- Working as an expert
- Spouse of Limited Stay Permit holders
- Parents of child under 18 years old
- Foreign home owner and/ or elderly in accordance with existing regulation.

Officials at the Overseas Indonesian Representative can grant a Temporary Stay Visa (KITAS) for 2 years for investors after receiving approval from the immigration officer at UPIT in SEZ.

In the framework of assessment or business development in the SEZ, Authorized Overseas Indonesian Representatives are allowed to provide a Multiple-Trip Visa which is applicable for 1 year for foreigners with a period of stay of 60 days.

In regards to provision of short-term work for the development of SEZs, foreigners with access to Visa-Free Temporary Visit (*Bebas Visa Kunjungan Singkat* or BVKS) can be given VOA for a period of 7 days.

Temporary Stay Visa (VITAS) Requirements (for SEZ area):

- A request from the company or sponsor

- Fill out the application and guarantee form
- Company or sponsor profiles.
- Foreign Worker Employment Plan (RPTKA)
- CV or resume of applicant
- Copy of passport
- Photo 4x6 cm (2 copies)

Multiple Visit Visa Requirements (for SEZ area):

- Application from the company
- Fill out the application and guarantee form
- Company or sponsor profiles
- CV or resume of applicant
- Copy of passport
- Photo 4x6 cm (2 copies)

## VISA FACILITATION SCHEME APPLICABLE FOR INVESTOR IN THE SPECIAL ECONOMIC ZONE (SEZ)

**NATIONALS HOLDING PASSPORT  
FROM 90 COUNTRIES &  
TERRITORIES ARE ELIGIBLE  
TO ENTER AND REMAIN IN  
INDONESIA WITHOUT A VISA FOR  
30 DAYS & WITH NO OPTION OF  
RENEWAL OF CONVERTED TO  
OTHER TYPE OF VISA.**

## E. TRADE

**Q**-55: I want to export my product to Indonesia. What should I do?

Answer:

There are 2 ways to export product to Indonesia:

1. Appointing local company in Indonesia as your agent or distributor.

A local distributor company will fulfill all requirements to import your products, including registration of products to the respective ministerial departments/agencies. However, if there dispute arises; the ownership of product registration right may cause conflicting issues on the possession of the rightful owner of the market trademark.

2. Establishing your own company as the Trading (import/ export/ distributor) Company.

In case the activity of your trading company is just importing, your company could not distribute the product by yourself to client and will still have to appoint local distributor or agent company.

In both ways, your product should be registered to the Ministry of Trade of the Republic of Indonesia before allowed to be distributed. If the products are

related to food and drugs, it should be registered to the National Agency of Drug and Food Control (BPOM) [[www.pom.go.id](http://www.pom.go.id)].

**Q**-56: I was informed that Importer Company in Indonesia must have an Importer Identification Number (API). What is API?

Answer:

Importer Identification Number (*Angka Pengenal Importir* or API) constitutes identification those importers must possess in order to import goods. API is used by the government as an instrument to regulate orderly importation for the purpose of implementing the foreign trade policy in the field of imports.

Importation without API can only be done after obtaining approval from Minister of Trade of the Republic of Indonesia and only for goods such as:

1. Simple imported goods.
2. Promotional items.
3. Goods for the purpose of science research and development.
4. Shipment goods.
5. Goods as grants, gifts, or gifts for the purpose of public worship, charity, social, cultural, or natural disaster interests.
6. Goods which are medicines and medical equipment that is using

government budget.

7. Goods which have been exported for repair and testing, and then was imported back in amounts which are not exceed the amount at the time of they were being export in accordance with the Notification of Export Goods (*Pemberitahuan Ekspor Barang*).
8. Exports of goods declined by buyers abroad and then imported back with the most number according to Notification of Export Goods.
9. Sample goods that are not for sale.
10. Goods for the purposes of government institutions or agencies that is imported by the agency or institution in question itself.
11. Goods which are belong to the representatives of foreign countries and their officers who served in Indonesia.
12. Goods for the purposes of international agency and their officials assigned in Indonesia.
13. Moving goods.

API consists of the following types:

1. API for General Importer (API-U), which should be obtained by a trading company.
2. API for Producer Importer (API-P), which should be obtained by an industrial company importing raw materials and capital goods for its own use.

API can be obtained from BKPM OSS-C. The API is valid for 5 years and can be extended. It is applicable to the entire Indonesian customs area.

**Q**-57: Is it allowed to export or import any kind of products and commodities to and from Indonesia?

Answer:

Of course there are some restrictions and limitations to export and import some specified products and commodities. You may check the list on the website of Indonesia National Single Window or INSW as follows: <http://eservice.insw.go.id/>

**Q**-58: What about the export and import tariff of products and commodities in Indonesia?

Answer:

You also may check directly to the website of INSW as mentioned in the previous question.

**Q**-59: What are the procedures of import custom duties in Indonesia?

Answer:

In a general and simplified explanation, the steps of custom clearances for imported products are as follow:

1. Importer will be required to submit Notification of Imported Goods (*Pemberitahuan Import Barang* or PIB) to the custom office.
2. Importer proceeds to pay for custom duties and import tax at the bank.
3. Process custom clearance by submitting:
  - Proof of payment
  - Importer Identification Number (API)
  - Tax ID (NPWP)
  - Customs Registration Number (NIK)
  - Notification of Imported Goods (PIB)
  - Tax and custom deposit letter
  - Invoice
  - Packing list
  - Bill of lading (*Dokumen Pengangkutan Barang* or B/L)
  - Insurance document

Once the custom is cleared, importer will be issued Customs Clearance Approval Certificate (*Surat Perintah Pengeluaran Barang* or SPPB).

Importer will be able to release the goods from custom by enclosing:

- Delivery order from shipping agency
- SPPB

**Q-60:** Where can I find more information on Import Tax duties rate?

Answer:

Information on Import Tax Duties rate can be found at the following Indonesian official custom website: <http://www.beacukai.go.id/?page=apps/browse-tarif-dan-lartas.html>.

The information of it requires the importer to identify the exact Harmonized System (HS) Codes for their imported products. HS Codes can be found in the website of INSW as mentioned in the previous question.

**Q-61:** How to find out list of goods prohibited from imports to Indonesia?

Answer:

Indonesian Import-Export Prohibition and Restriction Regulations (*Larangan dan/ atau Pembatasan Ekspor-Impor* or LARTAS) maintain the full details of products restricted from import and export activities. LARTAS information can be found in the website of INSW as mentioned in the previous question.

**Q-62:** What is the procedure to register the food and drug products to National Agency and Food Control (BPOM)?

Answer:

All food and drug products includes of drug, traditional medicine, cosmetics, food supplement and processed food must fulfill all safety requirements to enter the Indonesian market. This imported food and drug registration is regulated under Indonesian National Agency of Drug and Food Control (BPOM), one of the provisions is the Regulation of the Head of the Agency of Drug and Food Control Republic of Indonesia No. 12 of 2015 concerning the Oversight of Food and Drug Imports into Indonesian Territory.

with the mechanism of Single Sign On.

2. Upload following supporting documents to one of both website above:
  - Letter of application signed by the directors or the power of attorney of directors.
  - Letter of responsibility (original).
  - Importer Identification Number (API).
  - Trade license (*Surat Izin Usaha Perdagangan* or SIUP) [original].

The registration must be done by the local company, local agent or distributor before the products clear Indonesian customs.

The registration must be done by the local company, local agent or distributor before the products clear Indonesian customs.

To import drug and food, the importer must apply Letter of Import (*Surat Keterangan Impor* or SKI) to the Head of BPOM.

The procedure to obtain SKI are as follow:

1. Do the online registration to the application of e-bpom (<http://www.e-bpom.pom.go.id>) or the website of INSW (<http://eservice.insw.go.id/>)
2. Do the e-payment (as one of Non-tax Revenue [*Penerimaan Negara bukan Pajak* or PNBP]).
3. Do the e-payment (as one of Non-tax Revenue [*Penerimaan Negara bukan Pajak* or PNBP]).

- Tax ID (NPWP) [original].
- Letter of power of attorney in importing which is made in the form of General Certificate by a notary, in terms of the applicant is a company who have been authorized to import (original).
- List of HS code of product to import.
- Especially for the SKI of drug, the aplicant should attach Pharmaceutical industry license.



4. Submit the electronic documents such as:

- Distribution approval license
- Certificate of analysis
- Invoice
- Proof of payment of Non-Tax Rvenue (PNPB)

5. For the application of vaccine and

serum, the applicant should attach:

- Batch/ lot release certificate from the Body of Authority in the country where the vaccine released.
- Summary of batch/ lot protocol which is published by the factory.
- Certificate of analysis which includes source of an active





Photo credit: Stanlie "Industri Minuman", 2016

- substance.
6. Letter from producer in the origin country (if the exporter is different from the producer).
  7. For processed food importation: letter of recommendation from Ministry of Agriculture in the animal origin country.
  8. Additional documents or tests might be required depending on the product category.

## F. RELATED GOVERNMENT AGENCIES

**Q-63: Where can I find information about government agencies and other institutions related to?**

Answer:

Following is the list of government agencies and other institutions relevant to investments in Indonesia:



Indonesia Investment Coordinating Board  
(*Badan Koordinasi Penanaman Modal/ BKPM*)  
Jalan Jend. Gatot Subroto Kav. 44,  
Jakarta Selatan, DKI Jakarta 12190  
Tel : +62 21 - 525 2008  
Contact Center OSS-C : +62 807 100 2576  
Email : [info@bkpm.go.id](mailto:info@bkpm.go.id)  
Web : [www.bkpm.go.id](http://www.bkpm.go.id)



Ministry of Environment and Forestry of  
the Republic of Indonesia  
(*Kementerian Lingkungan Hidup &  
Kehutanan RI*)  
Gedung Manggala Wanabakti Blok I Jalan  
Gatot Subroto, Senayan, Jakarta 10270  
Tel : +62 21 - 570 4501-04/ +62 21 - 573  
0191  
Web : [www.menlhk.go.id](http://www.menlhk.go.id)



Ministry of Trade of the Republic of Indonesia  
(*Kementerian Perdagangan RI*)  
Jalan M. I. Ridwan Rais No. 5  
Jakarta Pusat, DKI Jakarta 10110  
Tel : +62 21 - 385 8171  
Email : [contact.us@kemendag.go.id](mailto:contact.us@kemendag.go.id)  
Web : [www.kemendag.go.id](http://www.kemendag.go.id)



Ministry of Industry of the Republic of Indonesia  
(*Kementerian Perindustrian RI*)  
Jalan Jend. Gatot Subroto Kav. 52-53  
Jakarta Selatan, DKI Jakarta 12950  
Tel : +62 21 - 525 5509, ext. 2737  
Fax : +62 21 - 525 5609  
Web : [www.kemenperin.go.id](http://www.kemenperin.go.id)



Ministry of Manpower of the Republic of  
Indonesia (*Kementerian Ketenagakerjaan RI*)  
Jalan Jend. Gatot Subroto Kav. 51  
Jakarta 12950  
Tel/ Fax : +62 21 - 522 9285/ +62 21 - 797 4488  
Web : [www.naker.go.id](http://www.naker.go.id)



Ministry of Public Works and Public Housing  
(*Kementerian Komunikasi dan Informasi RI*)  
Jalan Pattimura 20, Kebayoran Baru,  
Jakarta Selatan - 12110  
Tel : +62 21 - 722 8497  
Web : [www.pu.go.id](http://www.pu.go.id)



Ministry of Agriculture of the Republic of  
Indonesia  
(*Kementerian Pertanian RI*)  
Jalan Harsono RM. No. 3, Ragunan,  
Jakarta Selatan, DKI Jakarta 12560  
Tel : +62 21 - 780 6131/ +62 21 - 780 4116  
Fax : +62 21 - 780 6305  
Email : [webmaster@pertanian.go.id](mailto:webmaster@pertanian.go.id)  
Web : [www.pertanian.go.id](http://www.pertanian.go.id)



Ministry of Communication and Information  
(*Kementerian Komunikasi dan Informasi RI*)  
Jalan Medan Merdeka Barat No. 9, Jakarta  
10110  
Tel : +62 21 - 345 2841  
Email : [humas@mail.kominfo.go.id](mailto:humas@mail.kominfo.go.id)  
Web : [www.kominfo.go.id](http://www.kominfo.go.id)



Ministry of Tourism of the Republic of  
Indonesia  
(*Kementerian Pariwisata RI*)  
Gedung Sapta Pesona, Jalan Medan Merdeka  
Barat No. 17 Jakarta 10110  
Tel : +62 21 - 383 8167/ +62 21 - 383 8899  
Fax : +62 21 - 384 9715  
Web : [www.kemenpar.go.id](http://www.kemenpar.go.id)



National Standardization Agency  
(*Badan Standarisasi Nasional RI*)  
Gedung I BPPT Jalan M.H. Thamrin No.8,  
Kebon Sirih, Jakarta Pusat 10340  
Call Center: +62 21 - 392 7422  
Fax : +62 21 - 392 7527  
Email : [bsn@bsn.go.id](mailto:bsn@bsn.go.id)  
Web : [www.bsn.go.id](http://www.bsn.go.id)



Ministry of Health of the Republic of Indonesia  
(*Kementerian Kesehatan RI*)  
Jalan HR. Rasuna Said Blok X.5 Kav. 4-9,  
Jakarta 12950  
Tel : +62 21 - 520 1591 (hunting)  
Fax : +62 21 - 5292 1669  
Email : [kontak@kemkes.go.id](mailto:kontak@kemkes.go.id)  
Web : [www.kemkes.go.id](http://www.kemkes.go.id)



Ministry of Marine and Fishery  
(*Kementerian Kelautan dan Perikanan RI*)  
Jalan Medan Merdeka Timur No. 16 - Jakarta  
Pusat  
Tel : +62 21 - 351 9070  
Fax : +62 21 - 386 4293  
Email : [birokeramas@kkp.go.id](mailto:birokeramas@kkp.go.id)  
Web : [www.kkp.go.id](http://www.kkp.go.id)



Police Force (*Kepolisian RI*)  
Jalan Trunojoyo No.3, Jakarta Selatan,  
DKI Jakarta 12110  
Call Center: +62 21 - 9126 1059  
Fax : +62 21 - 721 8741  
Email : [mabes@polri.go.id](mailto:mabes@polri.go.id), Web : [www.polri.go.id](http://www.polri.go.id)



Ministry of Finance  
(*Kementerian Keuangan RI*)  
Gedung Djuanda I Lt. 12 Jalan Dr. Wahidin Raya  
No. 1 Jakarta 10710  
Tel : +62 21 - 386 1489  
Fax : +62 21 - 350 0842/ +62 21 - 350 0847  
Web : [www.kemenkeu.go.id](http://www.kemenkeu.go.id)



Ministry of Transportation  
(Kementerian Perhubungan RI)  
Jalan Medan Merdeka Barat No.8,  
Jakarta Pusat 11011

Tel : +62 21 - 381 1308/ +62 21 - 350 5006  
Email : info151@dephub.go.id  
Web : www.dephub.go.id



Ministry of Agrarian and Spatial Planning  
(Kementerian Agraria dan Tata Ruang RI)  
Jalan Sisingamangaraja Nomor 2,  
Kebayoran Baru, Jakarta 12110

Tel : +62 21 - 739 3939  
Email : humas@bpn.go.id  
Web : www.bpn.go.id



Ministry of Energy and Mineral Resources  
(Kementerian Energi dan Sumber Daya Mineral RI)  
Jalan Medan Merdeka Selatan No. 18,  
Jakarta 10110

Tel : +62 21 - 380 4242  
Fax : +62 21 - 344 0649  
Email : puskom@esdm.go.id  
Web : www.esdm.go.id



Ministry of Culture and Primary &  
Secondary Education  
(Kementerian Kebudayaan dan Pendidikan  
Dasar dan Menengah RI)

Jalan Jend. Sudirman Senayan,  
Jakarta Pusat 10270  
Tel : +62 21 - 5 703 303/ +62 21 - 571 1144  
Ext. 2115  
Call Center: 177  
Email : pengaduan@kemdikbud.go.id  
Web : www.kemdikbud.go.id



Ministry of Law & Human Rights of the Republic  
of Indonesia  
(*Kementerian Hukum dan Hak Asasi Manusia RI*)  
Jalan HR. Rasuna Said Kav 6-7, Kuningan  
Jakarta Selatan 12940  
Tel/ Fax : +62 21 - 525 3004  
Web : [www.kemenkumham.go.id](http://www.kemenkumham.go.id)



State Electricity Company  
(*PT. Perusahaan Listrik Indonesia*)  
Jalan Trunojoyo Blok M1 No. 135, Jakarta Selatan  
Tel : +62 21 726 1122/ +62 21 725 1234  
Ext. 4000  
Fax : +62 21 722 2328  
Email : [infopublik@pln.co.id](mailto:infopublik@pln.co.id)  
Web : [www.pln.co.id](http://www.pln.co.id)



Ministry of Defence  
(*Kementerian Pertahanan RI*)  
Jalan Medan Merdeka Barat No. 13-14 Jakarta  
Pusat, 10110, KOTAK POS 2005 , AKARTA 10020  
Tel : +62 21 - 384 0889  
Email : [ppid@kemhan.go.id](mailto:ppid@kemhan.go.id)  
Web : [www.kemhan.go.id](http://www.kemhan.go.id)



National Agency of Drug and Food Control  
(*Badan Pengawas Obat dan Makanan RI*)  
Jalan Percetakan Negara No.23,  
Jakarta 10560 Indonesia  
Tel : +62 21 - 424 4691/ +62 21 - 4288 3309/  
Fax : +62 21 - 426 3333  
Email : [ulpk@pom.go.id](mailto:ulpk@pom.go.id)  
Web : [www.pom.go.id](http://www.pom.go.id)



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## G. BKPM

### Q -64: What is BKPM?

Answer:

The Indonesia Investment Coordinating Board (BKPM) is the primary interface between business and government in Indonesia. BKPM is mandated to boost domestic and foreign direct investment through creating a conducive investment climate.

BKPM was restored to Ministerial status in 2009, and reporting directly to the President of the Republic of Indonesia.

This investment agency's goal is not only to seek more domestic and foreign investment, but also to seek quality investments that boost economic growth, improve social inequality, and reduce unemployment. The agency also works as a proactive advocate for investments as well as a matchmaker for investors.

### Q -65: How does BKPM support my investment?

Answer:

BKPM develop strategies to improve its end-to-end service for investors. Our marketing team is strengthened and focused. One team is dedicated for one country. We facilitate investors from exploring investment opportunities, getting licences, constructing their projects, until they are running commercial operation.

We are enhancing reforms that have been implemented. More one-stop integrated service at regional level will be established. More license and facility will be provided in the 3-hour service. More industrial estates will be eligible to implement the direct construction facility.

Working closely with business associations and investors, BKPM continuously encourages government to issue pro investment policies.

## H. INDONESIA INVESTMENT PROMOTION CENTER (IIPC)

### TOKYO

Fukoku Seimei Building 23F 2-2-2  
Uchisaiwai-cho, Chiyoda-ku Tokyo 100-0011 Japan  
P : +81 3 3500 3878  
F : +81 3 3500 3879  
W : <http://www.bkpm.go.id/en/home-iipc/tokyo/13>  
PIC : Saribua Siahaan (Mr)  
E : [bkpm521@bkpm-jpn.com](mailto:bkpm521@bkpm-jpn.com)

### TAIPEI

6F, No. 550, Rui Guang Road, Neihu District Taipei 114  
P : +886 2 8752 6170 ext. 31,  
+886 2 8752 6084 (direct)  
F : +886 2 8752 3706  
W : <http://www.bkpm.go.id/en/home-iipc/taipei/12>  
PIC : Mohamad Faizal (Mr)  
E : [mohamad.faizal@kdei-taipei.org](mailto:mohamad.faizal@kdei-taipei.org)

### SYDNEY

Suite 903 / 1 Alfred St, Gold Fields House, Sydney 2000 Australia  
P : +612 9252 0091  
F : +612 9252 0092  
W : <http://www.bkpm.go.id/en/home-iipc/sydney/11>  
PIC : R.R. Sri Moertiningroem (Mrs)  
E : [iipc-aussie@bkpm.go.id](mailto:iipc-aussie@bkpm.go.id)

### SINGAPORE

8 Temasek Boulevard, Suntec Tower 3, #33-03 Singapore 038988  
P : +65 6334 4410  
F : +65 6334 4891  
W : <http://www.bkpm.go.id/en/home-iipc/singapore/10>  
PIC : Ricky Kusmayadi (Mr)  
E : [invest@bkpmsingapore.com](mailto:invest@bkpmsingapore.com)

### SEOUL

Two IFC, 15 fl. 10 Gukjegeumyung-ro, Yeongdeungpo-Gu, Seoul 150-945, Republic of Korea  
P : +82 2 6137 9455  
F : +82 2 6137 9456  
W : <http://www.bkpm.go.id/en/home-iipc/seoul/9>  
PIC : Imam Soejoedi (Mr)  
E : [imams@bkpm.go.id](mailto:imams@bkpm.go.id),  
[iipc.seoul@bkpm.go.id](mailto:iipc.seoul@bkpm.go.id)

### NEW YORK

370 Lexington Ave. Suite 1903 New York, NY 10017, United States  
P : +1 646 885 6600  
F : +1 646 885 6601  
W : <http://www.bkpm.go.id/en/home-iipc/new-york/8>  
PIC : Rahardjo Siswohartono (Mr)  
E : [anton@bkpm.go.id](mailto:anton@bkpm.go.id)  
[rahardjo.siswohartono@gmail.com](mailto:rahardjo.siswohartono@gmail.com)

## LONDON

St. Martins House, 16 St. Martins le Grand,  
3rd Floor London, EC1A 4EN, United  
Kingdom

P : +44 207 397 8564; +44 207 397  
8566

F : +44 207 397 8565

W : [http://www.bkpm.go.id/en/home-  
iipc/london/7](http://www.bkpm.go.id/en/home-iipc/london/7)

PIC : Nurul Ichwan (Mr)

E : [nurulichwan@bkpm.go.id](mailto:nurulichwan@bkpm.go.id)

## ABU DHABI

Level 4 Building B- Al Mamoura  
Mohammed Bin Khalifa Street (15th St)  
Muroor District, Abu Dhabi, UEA

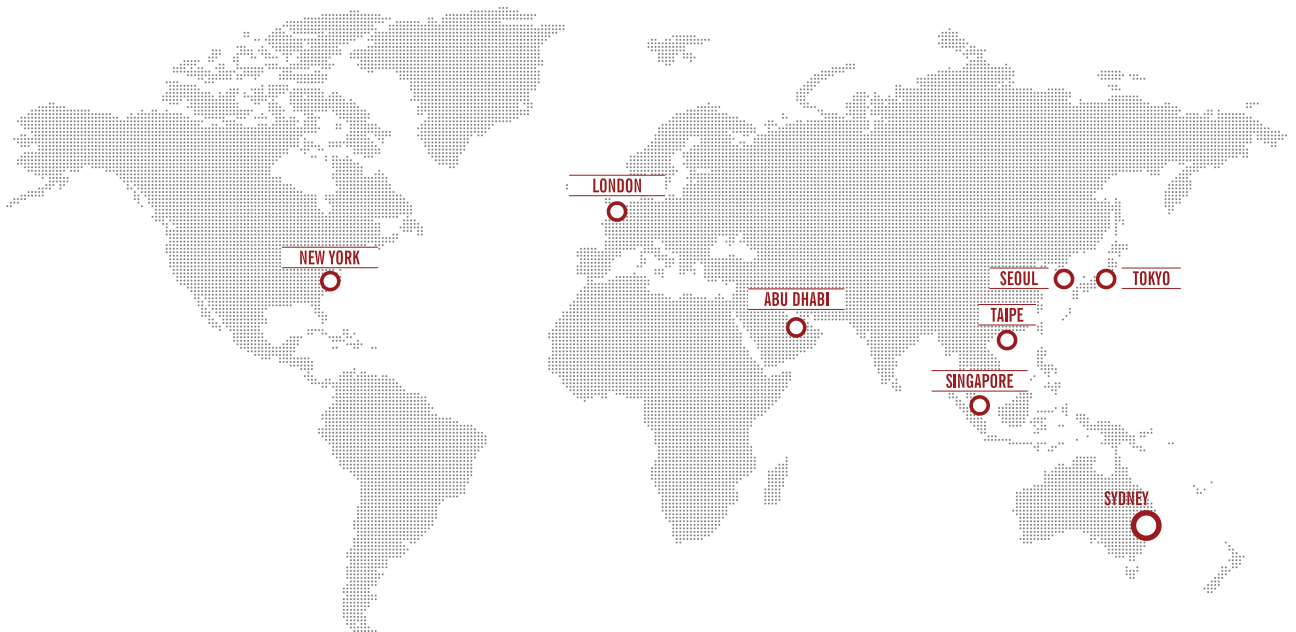
P : +971 2659 4275 / 2659 4274

F : +971 2659 4150

W : [http://www.bkpm.go.id/en/home-  
iipc/abu-dhabi/6](http://www.bkpm.go.id/en/home-iipc/abu-dhabi/6)

PIC : Agus Prayitno (Mr)

E : [iipc.abudhabi@bkpm.go.id](mailto:iipc.abudhabi@bkpm.go.id)



IIPC is a representative of BKPM aiming to develop networks to promote business opportunities and to boost FDI into Indonesia.



ACRONYMS			
ACRONYMS	DEFINITION		PAGE
	BAHASA INDONESIA	ENGLISH	
AMDAL	Analisis Mengenai Dampak Lingkungan	Environmental Permit (Indonesian Environmental Feasibility Assessment )	20
API	Angka Pengenal Importir	Importer Identification Number	56
API-P	Angka Pengenal Importir Produsen	Producer Importer Identification Number (Producer Importer)	11
API-U	Angka Pengenal Importir Umum	General Importer Identification Number (General Importer)	11
B/L	Dokumen Pengangkatan Barang	Bill of Lading	58
BKPM	Badan Koordinasi Penanaman Modal	Indonesia Investment Coordinating Board ( <a href="http://www.bkpm.go.id">www.bkpm.go.id</a> )	01
BOC	Dewan Komisaris	Board of Commissioners	10
BOD	Dewan Direksi	Board of Directors	10
BPJS	Badan Penyelenggara Jaminan Sosial (Ketenagakerjaan dan/ atau Kesehatan) [BPJS-TK & BPJS-KS]	Social Security Agency for Workers and/ or Health	33
BPOM	Badan Pengawas Obat dan Makanan	National Agency of Drug and Food Control ( <a href="http://www.pom.go.id">www.pom.go.id</a> )	56
BUJK	Kantor Perwakilan Badan Usaha Jasa Konstruksi	Foreign Company Construction Representative Office	14
BVKS	Bebas Visa Kunjungan Singkat	Visa-Free Temporary Visit	54
CoW	Kontrak Karya (KK)	Contract of Work	24
CPO	Minyak Sawit Mentah	Crude Palm Oil	06
CV <sup>1</sup>	Daftar Riwayat Hidup	Curriculum Vitae	14
CV <sup>2</sup>	Perusahaan Komanditer	Limited/ Federal Partnership	34
DDI	Penanaman Modal Dalam Negeri (PMDN)	Domestic Direct Investment	23
Fa	Firma	Federal Civil Firm	34
FDI	Penanaman Modal Asing (PMA)	Foreign Direct Investment	04
FTZ	Zona Bebas Perdagangan	Free Trade Zone	29
GDP	Produk Domestik Bruto	Gross Domestic Product	03
HGB	Hak Guna Bangunan	The Right of Building	45
HGU	Hak Guna Usaha	The Right to Exploitation	39
HKI	Himpunan Kawasan Industri Indonesia	Indonesian Industrial Estates Association	08
HS Code	-	Harmonized System Codes	58
I23J	Layanan Izin Investasi 3 Jam	Investment Licensing Service in 3 Hours	21
IMB	Izin Mendirikan Bangunan	Building Permit	18
IMTA	Izin Mempekerjakan Tenaga Kerja Asing	Foreign Worker Employment Permit	14
INSW	-	Indonesia National Single Window	57
IP	Izin Prinsip	Principle License	10

ACRONYMS			
ACRONYMS	DEFINITION		PAGE
	BAHASA INDONESIA	ENGLISH	
IU	Izin Usaha	Business License	11
JIIPE	-	Java Integrated Industrial and Port Estate	22
INSW	Sistem nasional Indonesia untuk pemberian izin kepabeanan & pengeluaran barang	Indonesia National Single Window for Customs Clearance & Release of Cargoes ( <a href="http://eservice.insw.go.id">http://eservice.insw.go.id</a> )	57
KBLI	Klasifikasi Baku Lapangan Usaha Indonesia	Indonesian Classification of Business Field	18
KPBU	Kemitraan Pemerintah dan Badan Usaha (KPBU)	Public Private Partnership (PPP/P3) or Government and Business Entity	04
KEK	Kawasan Ekonomi Khusus	Special Economic Zone (SEZ)	09
KITAS	Kartu Izin Tinggal Terbatas	Temporary Stay Permit Card	13
KK	Kontrak Karya	Contract of Work (CoW)	24
KLIK	Kemudahan Investasi Langsung Konstruksi	Ease of Direct Investment Construction	22
KP3A	Kantor Perwakilan Perusahaan Perdagangan Asing	Foreign Company Trade Representative Office	13
KPPA	Kantor Perwakilan Perusahaan Asing	Foreign Company Representative Office	12
KTP	Kartu Tanda Penduduk	Resident Identity Card	14
LARTAS	Larangan dan/ atau Pembatasan Ekspor-Impor	Indonesian Export-Import Prohibition Restriction Regulations	58
LKPM	Laporan Kegiatan Penanaman Modal	Investment Activity Report	20
NIK	Nomor Identitas Kepabeanan	Customs Registration Number	21
NPWP	Nomor Pokok Wajib Pajak	Taxpayer Identification Number (Tax ID) ( <a href="http://ereg.pajak.go.id">http://ereg.pajak.go.id</a> )	11
OSS-C	Pusat Pelayanan Terpadu Satu Pintu (PTSP Pusat)	The National One Stop Integrated Service – Centre (OSS-C)	16
PBB	Pajak Bumi dan Bangunan	Land and Building Tax	48
PDB	Produk Domestik Bruto	Gross Domestic Product	03
PIB	Pemberitahuan Impor Barang	Notification of Imported Goods	58
PKP2B	Perjanjian Kerja Perusahaan Pertambangan Batubara	Coal Mining Business Work Agreement	24
PMA	Penanaman Modal Asing	Foreign Direct Investment (FDI)	04
PMDN	Penanaman Modal Dalam Negeri	Domestic Direct Investment (DDI)	23
PNBP	Penerimaan Negara bukan Pajak	Non-tax Revenue	59
POA	-	Power of Attorney	15
PPh	Pajak Penghasilan	Income Tax	47
PPN	Pajak Pertambahan Nilai	Value Added Tax	48
PPnBM	Pajak Penjualan atas Barang Mewah	Sales Tax on Luxury Goods	48

ACRONYMS			
ACRONYMS	DEFINITION		PAGE
	BAHASA INDONESIA	ENGLISH	
PPP	Kemitraan Pemerintah dan Badan Usaha (KPBU)	Public Private Partnership (PPP/P3) or Government and Business Entity	04
PT	Perseroan Terbatas	Limited Liability Company (Ltd.)	07
PTSP	Pelayanan Terpadu Satu Pintu	The National One-Stop Integrated Service – Centre (OSS-C)	01
R&D	Riset dan Pengembangan	Research and Development	25
RPTKA	Rencana Penggunaan Tenaga Kerja Asing	Foreign Worker Employment Plan	21
SIUP	Surat Izin Usaha Perdagangan	Trade License	59
SIUP3A	Surat Izin Usaha Perwakilan Perusahaan Perdagangan Asing	Foreign Company Trade Representative License	13
SEZ	Kawasan Ekonomi Khusus (KEK)	Special Economic Zone	09
SKDP	Surat Keterangan Domisili Perusahaan	Company Domicile Certificate	11
SKI	Surat Keterangan Impor	Letter of Import	59
SPIPISE	Sistem Pelayanan Informasi dan Perizinan Investasi Secara Elektronik	BKPM-Online Service Platform or Electronic Investment Information and License Service System ( <a href="http://online-spipise.bkpm.go.id">http://online-spipise.bkpm.go.id</a> )	15
SPPB	Surat Perintah Pengeluaran Barang	Customs Clearance Approval Certificate	58
TDP	Tanda Daftar Perusahaan	Company Registration Number	21
UKL	Upaya Pengelolaan Lingkungan	Environmental Management Efforts	22
UPL	Upaya Pemantauan Lingkungan	Environmental Monitoring Efforts	22
UB	Usaha Bersama	Associated Business	34
UD	Usaha Dagang	Trading Company	34
UPIT	Kepala Unit Pelayanan Investasi Terpadu	Head of Integrated Investment Service Unit	53
VAT	Pajak Pertambahan Nilai	Value Added Tax	28
VITAS	Visa Tinggal Terbatas	Temporary Stay Visa	36
VOA	Visa Kunjungan Saat Kedatangan	Visa on Arrival	49



**BKPM**  
Indonesia Investment  
Coordinating Board



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Fan page BKPM



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@BKPM



YouTube  
Channel  
THEBKPMVIDEO



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BKPM e-newsletter at  
[www.bkpm.go.id](http://www.bkpm.go.id)

## CONTACT CENTRE



0807-100-2576 (BKPM)



[info@bkpm.go.id](mailto:info@bkpm.go.id)

# FREQUENTLY ASKED QUESTION

ON INVESTMENT



**BKPM**

Indonesia Investment  
Coordinating Board

Jl. Gatot Subroto No. 44, Jakarta 12190 Indonesia

PO. Box 3186, Indonesia

t. +62 21 5292 1334, +62 21 5292 1304

f. +62 21 5264 211, +62 215253 866

e. [info@bkpm.go.id](mailto:info@bkpm.go.id)

w. [www.bkpm.go.id](http://www.bkpm.go.id)