FREQUENTLY ASKED QUESTIONS ON INVESTMENT

www.bkpm.go.id
www.investindonesia.go.id
List of Content

- INDONESIA
- INVESTMENT OPPORTUNITIES
- INVESTMENT PROCEDURES
- INVESTMENT RELATED ASPECTS
- GOVERNMENT SUPPORTS
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 Questions (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, December 2018
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 Questions (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, December 2018
INDONESIA

“THE WORLD’S LARGEST ARCHIPELAGIC NATION”
**What makes Indonesia the promising destination for investment?**

**Answer:**

Indonesia is the fourth most populous country in the world with a young workforce and a large and growing domestic market due to the demographic bonus, making Indonesia one of the world’s leading economies.

As the only G-20 member in Southeast Asia and an active voice to develop world concerns, Indonesia plays a more significant role in the global stage. Standard Chartered foresees Indonesia’s entry into the G-7 by 2030, and projects that the Indonesian economy could become the 10th largest by 2020 and the 5th largest by 2030.

Being the world’s 3rd largest flourishing democracy with the largest Muslim populations, Indonesia has a stable policy situation with high commitment to implement structural reforms. Worldwide Governance Indicators Survey conducted by World Bank indicated that Indonesia has improvements in several indicators such as Government Effectiveness, Regulatory Quality, and Control of Corruption.

Indonesia’s economic growth which continues to rise along with the improvement in investment climate have upgraded Indonesia’s ease of doing business rank from 91 to 72 by 2018. In addition to that, Indonesia has leap to the fourth place, from previously on the eight place, as a prospective investment destination 2017-2019 based on the survey by the United Nations Conference on Trade and Development (UNCTAD).

Indonesia has abundant of natural resources. It also has the second highest biodiversity level in the world after Brazil. Aside from the flora and fauna, Indonesia is a home to many ecosystems. From beaches, small islands, coral reefs, seaweed beds, sand dunes, tidal flats, coastal mud, mangroves and others make Indonesia the most attractive place for investment especially in the tourism sector.
QUESTION 2

HOW IS THE GLOBAL PERSPECTIVE ON INVESTING IN INDONESIA?

Answer:

• Three out of four US companies in Indonesia plan to expand their business (AmCham’s and US Chamber of Commerce’s survey, 2017).

• Indonesia still becomes the main investment destination in the APEC region, together with Vietnam and China (PwC’s APEC CEOs survey, 2017).

• Indonesia is the fifth most promising country for overseas business (Japan Bank for International Cooperation’s survey, 2017).

• Indonesia becomes a priority for investment country in Asia, following China. And also has the highest confidence of positive reforms (The Economist’s Asia Business Outlook Survey 2017).

• Indonesia ranked fourth as the most prospective country for investment by MNEs in 2017-2019, after the US, China and India (UNCTAD Business Survey 2017).

• Indonesia was named Top Reformer in Asia for reforming its Ease of Doing Business (World Bank’s 2018 survey).

• Indonesia is one of the most attractive investment destinations in Asia due to strong consumer demand and its improvements on investment and business climate (Economist Corporate Network survey, 2017).

• Indonesia's growth (GDP) is estimated to remain strong among other countries. Its GDP is also predicted to rise to 5.4 percent in 2018 and 5.5 percent in 2019 from 5.1 percent in 2017. In addition, Indonesia’s Long Term Foreign and Local Currency Issuer Default Rating has increased to BBB from the previous BBB- with a stable outlook (Fitch Ratings, 2018).

• Indonesia has a big economy and business opportunities as it named as Top-20 largest GDP current price, worth over USD 1.015 in 2017 (IMF, 2018) and include in trillion dollar club, countries with GDP more than USD 1 trillion per year (SEASIA, 2017).
QUESTION 3

HOW HAS THE INFRASTRUCTURE BEEN DEVELOPED IN INDONESIA?

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 increased 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 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 35,000 megawatts of power.
INVESTMENT OPPORTUNITIES
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 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 Priority sectors were selected based on the economic advantages, growth factors and productivity aspects. The sectors are as follows.

<table>
<thead>
<tr>
<th>Industry</th>
<th>2015-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Multi mode Transportation</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Food estate, Corn Plantation, Cattle, Salt</td>
</tr>
<tr>
<td>Labor-intensive industry</td>
<td>Textile, Food &amp; Beverages, Furniture, Footwear, Lifestyle</td>
</tr>
<tr>
<td>Import-substitution industry</td>
<td>Chemical &amp; Pharmaceutical, Iron &amp; Steel, Component, Defend Industry</td>
</tr>
<tr>
<td>Export-oriented industry</td>
<td>Electronics, CPO &amp; Derivative Products, Wood Products, Pulp &amp; Paper, Automotive</td>
</tr>
<tr>
<td>Downstream industry of natural resources</td>
<td>Cacao, Sugar, Smelter</td>
</tr>
<tr>
<td>Maritime</td>
<td>Ship Building, Cold Storage, Marine Technology</td>
</tr>
<tr>
<td>Tourism, SEZ &amp; Industrial Park</td>
<td>10 Tourism SEZ, 8 Existing SEZ, 7 New SEZ, 14 Industrial Parks, 10 Tourism Priority Destination</td>
</tr>
<tr>
<td>Digital Economy</td>
<td>e-Commerce, Financial Technology, IT Based Creative Economy</td>
</tr>
</tbody>
</table>
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

1. Infrastructure: 35 GW power generation, 24 sea ports, multimoda transportation

2. Agriculture: Food estate, corn plantation, cattle, salt

3. Industry:
   • Labor-intensive industry (textile, food & beverages, furniture, toys).
   • Import substitution industry (chemical & pharmaceutical, iron & steel, component).
   • Export-oriented industry (electronics, crude palm oil or CPO & derivative products, wood products, pulp & paper, automotive, machinery, rubber products, fish & derivative products, shrimp).
   • Downstream industry of natural resources (cacao, sugar, smelter).

4. Maritime: ship building, fishery industry, cold storage, marine technology

5. Tourism, Special Economic Zone or SEZ (Kawasan Ekonomi Khusus or KEK) & Industrial Park: strategic tourism areas, MICE, 8+11 SEZs, 15 new industrial parks

6. Digital economy: e-commerce, financial technology, IT based creative economy

In addition to the above, most industries and other business fields in Indonesia are open for 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.

QUESTION 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. We also seek responsible investments that considering environmental and social factors to embrace long term benefit.

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 the eastern part of Indonesia, such as Nusa Tenggara, Maluku, and Papua.

HOW IS THE DEVELOPMENT OF SPECIAL ECONOMIC ZONES (SEZ) IN INDONESIA?
**FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT**

**HOW IS THE DEVELOPMENT OF SPECIAL ECONOMIC ZONES (SEZ) IN INDONESIA?**

**QUESTION 6**

**Answer:**
Currently, there are 12 Special Economic Zones (SEZ) in Indonesia. Each of SEZs is developed for specific sectors. The existing SEZs are:

1. **Sei Mangkei in North Sumatera Province**, for CPO and rubber industry, fertilizer industry, logistics, and tourism (already operated since January 2015).
2. **Tanjung Api-Api in South Sumatera Province**, for CPO, rubber, and petrochemical industry (under development).
4. **Maloy Batuta in East Kalimantan Province**, for CPO, wood, coal, and mineral industry (under development).
5. **Bitung in North Sulawesi Province**, for fishery and agro industry, and logistics (will be operated in 2019).
7. **Mandalika in West Nusa Tenggara Province**, for tourism (already operated since September 2017).
8. **Morotai in Maluku Province**, for tourism, manufacturing industry, and logistics (under development).
9. **Arun Lhokseumawe in Aceh Province**, for oil and gas industry, petrochemical, agro industry, logistics, and paper industry (under development).
10. **Tanjung Kelayang in Bangka Belitung Islands Province**, for tourism (will be operated in 2019).
11. **Sorong in West Papua Province**, for tourism, industrial shipyards, fisheries processing industry, mining industry, and logistics (under development).
12. **Galang Batang in Riau Islands Province**, for mineral processing industry, energy, and logistics (under development).
INVESTMENT PROCEDURES
STARTING BUSINESS

QUESTION 7

I WANT TO INVEST IN INDONESIA. WHAT ARE THE BASIC THINGS I SHOULD KNOW FIRST?

Answer:
To establish a foreign direct investment company in Indonesia you must first decide what business sector you are going to invest based on Indonesian Classification for Business Sector (Klasifikasi Baku Lapangan Usaha Indonesia or KBLI).

Then, you must check whether the business sector is open with requirements or closed for foreign direct investment based on the Presidential Regulation about Negative Investment List (Daftar Negatif Investasi or DNI). If the business sector which you are interested in is not regulated, and no other restrictions from related technical ministries, then it means the business sector is open for foreign direct investment with a maximum foreign ownership of 100%.

The legal entity of the Foreign Direct Investment or FDI company should be a Limited Liability Company or Ltd (Perseroan Terbatas or PT). The ‘PT’ company should be owned by minimum of 2 shareholders. Those can be individual or corporate shareholders or a combination of both.
Question 8

How much is the minimum investment for an FDI company?

Answer:
The minimum investment for an FDI company is above IDR 10 billion (excluding land and building cost), while the minimum paid up and issued capital is IDR 2.5 billion. For each shareholder, at least IDR 10 millions or its equivalent in USD is required.
**QUESTION 9**

**CAN I SET UP A COMPANY IN ANY LOCATION IN INDONESIA?**

**Answer:**

Yes, you can set up a company in any part of Indonesia. However, there are restrictions for some business sectors in certain regions, Industrial Law No. 3 year 2014 and Government Regulation No. 142 year 2015 has mandated that any industrial activities shall be located in industrial estates.

Today, the Indonesian Industrial Estates Association (*Himpunan Kawasan Industri Indonesia* or HKI) has 87 company members, in 18 provinces, covering total gross area of about 86,059 hectares. There are more than 9,950 manufacturing companies operating and 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, as well as integrated environmental management.

Several industrial estates will be developed until 2019, 14 of those located outside Java Island will be allocated for the natural resources-based processing industry. While the other 2 in Java Island will be allocated for labor-intensive, high-technology, and consumer goods industry.
**QUESTION 10**

HOW DO I ESTABLISH A COMPANY IN INDONESIA?

**Answer:**
The process of company establishment in Indonesia requires Investor to issue Article of Association and legalization of the company, including taxpayer number (*Nomor Pokok Wajib Pajak or NPWP*), through Public Notary.

---

**QUESTION 11**

OTHER THAN SETTING UP A COMPANY (PT. PMA), IS THERE ANY OTHER METHOD TO EVALUATE INDONESIAN MARKET?

**Answer:**
Yes, foreign investor could setup a Representative Office to study the market. Foreign Representative Office (Kantor Perwakilan Perusahaan Asing or KPPA) is an office incorporated by an overseas company to represent itself 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 are other profit generating activities.
The requirements and procedure to form a representative office in Indonesia is governed by the Regulation of BKPM No. 6 of 2018 regarding Guidelines and Procedures for Licensing and Facility of Investment. To obtain the license, all requirements should be submitted online at https://nswi.bkpm.go.id

The functionality of KPPA is limited to:

a. Manage the parent company’s corporate interests.
b. Prepare the establishment and development of its business in Indonesia.

Important Notes for KPPA:

a. KPPA can only be incorporated in capital of Indonesian provinces (e.g. Jakarta, Bandung, Surabaya, Medan, Denpasar, etc).
b. The location of KPPA must be in the office building.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 12

HOW DO I OPEN A BANK ACCOUNT?

Answer:
The regulation of the 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 should be administered through a special foreign investment bank account in Indonesia. In general, the required documents to open such account are as follows:

1. Single Business Number (Nomor Induk Berusaha or NIB), the Deed of Establishment, Company Domicile Certificate (Surat Keterangan Domisili Perusahaan or SKDP), Tax ID (NPWP).

2. The power of attorney, specifically required for another person who needs authority to open bank account.

3. Resident Identity Card (Kartu Tanda Penduduk or 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.
WHAT LICENSES ARE REQUIRED TO START A BUSINESS?

Answer:
Basically, to start a business company should obtain following licenses:

1. Single Business Number (NIB)
2. Business License (*Izin Usaha*)
3. Commercial/Operational License (*Izin Komersial/Operasional*) through Online Single Submission “OSS” website (www.oss.go.id)

ARE THERE ANY GUIDELINES AND PROCEDURES TO GET BUSINESS LICENSE IN INDONESIA?

Answer:
Yes, There are. You can get them through OSS (Online Single Submission). An online system creates by Indonesia Government to simplify your investment registration.
All new and existing individual or business entity (Include MSMEs) and representative office can register through OSS Account.

I. **Registering OSS Account**
   1. Input ID number or passport of director and other data.
   2. Activating the account.
   3. Investor will receive email of User-ID and Password.

II. **Single Business Number (NIB)**
   1. Log in to [https://oss.go.id](https://oss.go.id)
   2. Fill the data as follows:
      - Data of company
      - Capital
      - Data of company shareholders and Board of Directors
      - Business activity
      - and others
   3. NIB also serves as:
      - Certificate of Company Registration *(Tanda Daftar Perusahaan or TDP)*
      - Importer Identification Number *(Angka Pengenal Impor or API)*
      - Customs Access *(Akses Kepabeanan)*

III. **Business License is a license to start business operations**
   1. Business license is automatically issued after fulfilling the commitment statement for “LOCATION PERMIT, ENVIRONMENTAL PERMIT and BUILDING PERMIT”
   2. The company will receive notification from OSS as their business license had been “activated” when commitments completed, including payment of invoices (if required)
IV. Location Permit (Izin Lokasi)

Maximum 10 days, after receiving location permit, investor should start to fulfill the commitment to get ‘technical recommendation’ from Regional Land Office

Maximum 10 days, Regional Land Office (Badan Pertanahan Nasional or BPN) should deliver the technical recommendation to Regency/Municipality Office

Maximum 2 days after receiving technical recommendation from Regional Land Office, Mayor or Regent should approve or reject the technical recommendation

V. Environmental Permit (Izin Lingkungan)

Environmental permit is given to investors for conducting business and/or activity which requires an environmental protection plan (Analisis Mengenai Dampak Lingkungan or AMDAL, Upaya Pengelolaan Lingkungan Hidup - Upaya Pemantauan Lingkungan Hidup or UKL-UPL):

- Applying for Environmental Permit through OSS
- OSS system will issue Environmental Permit
- Duration of UKL-UPL completion: 15 days
- Duration of AMDAL completion: 115 days

VI. Building Construction Permit (Izin Mendirikan Bangunan or IMB)

Building Construction Permit is issued by local government (Regency/City) to the company in order to build new, alter, expand, decrease, and/or foster building:

- Applying for Building Construction Permit through OSS
- OSS system will issue Building Construction Permit

Maximum 30 days after receiving building permit from OSS, investors should start to fulfill its commitment to regional government or if the project required AMDAL, the fulfillment of commitment of ‘IMB’ is 30 days after the completion of AMDAL
VII. Commercial/Operational License

The license is required when the company is ready for starting commercial/operational stage

1. OSS system will issue the operational/commercial license as required by companies
2. The companies should complete its commitment to get license/non-license, such as Good Manufacturing Practice or GMP, Circulation Permit (Izin Edar), Indonesian National Standard (Standar Nasional Indonesia or SNI), Product Registration (Pendaftaran Produk), or SNI related to their business
3. OSS system activates Commercial/Operational License once completed

VIII. Payment

Investor should make payment of non-tax state revenue (Penerimaan Negara Bukan Pajak or PNBP), retribution or regional levies as required and send payment receive to OSS System

1. Company will receives email and notification from OSS system on list of obtained license
2. Company make a payment to the institutions (if required)
3. Company then upload the receive of payment to OSS system

IX. Expansion of Business Licenses and Data Renewal

1. The company has to fulfill all the requirements, such as Location Permit, Environmental Permit, Building Construction Permit and etc in each location
2. The company has to update their expansion project information into OSS system
DO I HAVE TO REGISTER FOR LICENSES AT BKPM?

Answer:
Business licenses can be applied online through OSS except for several business sectors. They are financial, mining (oil and gas, mineral and coal, and geothermal), and property sectors.
For these sectors, licenses can be applied through One Stop Service Center (Pelayanan Terpadu Satu Pintu or PTSP Pusat) BKPM. Regarding the business licenses, PTSP Pusat has 3 types of service, that are:

1. Self Service
2. Assistance Service
3. Priority Service

Other than that, PTSP Pusat BKPM also provides consultation and complaint services.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

27

DO I HAVE TO REGISTER FOR LICENSES AT BKPM?

QUESTION 15

Answer:
Business licenses can be applied online through OSS except for several business sectors. They are financial, mining (oil and gas, mineral and coal, and geothermal), and property sectors.

For these sectors, licenses can be applied through One Stop Service Center (Pelayanan Terpadu Satu Pintu or PTSP Pusat) BKPM.

Regarding the business licenses, PTSP Pusat BKPM has 3 types of service, that are:
1. Self Service
2. Assistance Service
3. Priority Service

Other than that, PTSP Pusat BKPM also provides consultation and complaint services.

WHAT IS ONE STOP SERVICE CENTER OR “PTSP PUSAT”?

QUESTION 16

Answer:
PTSP Pusat at BKPM is established to provide a simpler, faster, more transparent and integrated service for investors in Indonesia.

At the PTSP Pusat, there are Representative Officers from 19 ministries and government institutions providing consultation and accepting application for licenses which are not included in OSS.
Question 17

What services are provided at PTSP Pusat?

Answer:

PTSP Pusat in BKPM offers activities such as:

1. Serving information and consultation on Investment policies in a particular sector.

2. Serving business licensing applications which are not regulated in Government Regulation No. 24 year 2018.

3. Helping clarify the procedure of business licensing application through the OSS system (Layanan Berbantuan).

4. Helping facilitate the problems faced by investors in realizing their investment in Indonesia.

5. Synchronizing and coordinating with related Ministries/Institutions including with provincial, regency/city governments, administrators of Special Economic Zones (SEZs), and Free Zone Authority.

FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 18

WHAT IS PRIORITY SERVICE?

Answer:
Priority Service (Layanan Prioritas) is a service provided for eligible investors who meet requirements.

QUESTION 19

WHAT KIND OF LICENSE THAT I WILL OBTAIN THROUGH PRIORITY SERVICE?

Answer:
Through Priority Service, investors will obtain:

1. Article of Association of the company
2. Legalization from the Ministry of Law and Human Rights
3. Taxpayer number (NPWP)
4. Single Business Number (NIB), which also function as: Company Registration Number (TDP), Importers Identification Number (API) and Custom Access (Akses Kepabeanan)

5. Foreign Worker Employment Plan (*Rencana Penggunaan Tenaga Kerja Asing* or *RPTKA*) for workers beside shareholders

3-OURS ESDM

8 Types of licenses:

1. Temporary Business License for Oil/Fuel/LPG Storage
2. Temporary Business License for Storage of Processed Products/CNG
3. Temporary Business License for LNG Storage
4. Temporary Business License for Oil Refinery
5. Temporary Business License for Processing Oil Residue Industry
6. Temporary Business License for Natural Gas Processing
7. Temporary Business License for General Trade of Oil/Fuel
8. Temporary Business License for General Trade of Processed Products

**QUESTION 20**

**WHAT ARE THE REQUIREMENT FOR PRIORITY SERVICES?**

**Answer:**

The criterias to get this service are:

**Priority Service**

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 to PTSP Pusat at BKPM, and if a candidate of shareholder represents other shareholders, he/she has to bring the letter of authority.

The exemption from the above criterias are valid for:

1. Certain manufacturing lines of business, or be domiciled in certain areas that fall under an inland free trade arrangement in accordance with the prevailing regulations.

2. Certain manufacturing lines of business that are part of a supply chain, by showing Statement Letter or MoU as a supplier for company who will use the products.

3. Companies will be domiciled in a Special Economic Zone.

4. Companies participate in tax amnesty programs, by showing evidence of the tax amnesty submission receipt issued by the Minister of Finance or the relevant appointed official.

Priority Service for ESDM Sector: No Requirements
QUESTION 21

IS THERE ANY FISCAL FACILITY OFFERED BY GOVERNMENT FOR FOREIGN INVESTORS?

Answer:
Yes. Indonesian Government provides investment incentives as follows:

Import Duties as regulated in the Regulation of BKPM No. 6 of 2018 based on the Regulation of Minister of Finance No. 176/PMK.011/2009 of 2009 as amended by No. 188/PMK.010/2015 of 2015:

All investment projects of FDI as well as Domestic Direct Investment or DDI (Penanaman Modal Dalam Negeri or PMDN) projects which are issued by the Online Single Submission (OSS) system, 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 decisions on import duty relief.

2. The importation of goods and materials or raw materials regardless 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 to the extant of machines, goods and materials which:
   a. Are not produced in Indonesia
   b. Are produced in Indonesia but they don’t meet the required specifications
   c. Are produced in Indonesia but the quantity is not sufficient for the need of the industry

According to the Regulation of Minister of Finance No. 66/PMK.010/2015 of 2015, 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.

As stated in the Regulation of Minister of Finance No. 259/PMK.04/2016 of 2016, 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 owned 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) as regulated in the Regulation of BKPM No. 6 of 2018:**

Based on the latest Government Regulation No. 18 of 2015 as amended by No. 9 of 2016, 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.

Facilities provided by the Government Regulation No. 18 of 2015 as amended by No. 9 of 2016 are:

1. Reduction of net income by 30% of the total investment in the form of tangible fixed assets.
2. Accelerated depreciation on tangible assets and amortization on intangible assets.

3. The imposition of income tax on dividends paid to any non-resident taxpayer.

4. Compensation for losses that are later than 5 years but not more than 10 years, for:
   a. Company located in the industrial area and/or bonded zone
   b. Company operating in construction development for infrastructure sector
   c. Company that use domestic raw materials at least 70%
   d. Company that is absorbing 500-1,000 of domestic workforces
   e. Company that is conducting research and development (R&D)
   f. Company that is doing a reinvestment
   g. Company that exports at least 30% of sales or export.

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. 9 of 2016. There are 71 business sectors listed in Attachment I and 74 business sectors listed in Attachment II.

Procedure on the Application 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. Once the application assessment is completed, 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:
   a. Company presentation on the project and business plan intended to receive the tax allowance facility.
   b. Inquiries by technical ministry(s), if needed, to provide further clarification in regards to the presentation and/or application.

3. In the case that clarification and document are completed, BKPM will issue ‘Receipt of Application’ and schedule for a ‘Trilateral Meeting’.

4. 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.

5. The Trilateral Meeting produce agreement that is recorded in meeting minutes and decision from the Chairman of BKPM pertaining to one of the following outcomes:
   a. Approval on the tax allowance application to be submitted to Ministry of Finance of the Republic of Indonesia
   b. Rejection of the tax allowance application
   c. Pending decision on the tax allowance application

6. 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:
   a. Approval on the tax allowance application
   b. Rejection on the tax allowance application

7. The outcome of Trilateral Meeting and the arrangement for Extension Trilateral Meeting will need to be issued 15 days from the Clarification Meeting.

8. 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.

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 BKPM No. 6 of 2018.
Answer:
According to the Regulation of the Ministry of Finance No. 35/PMK. 010/2018 and the Regulation of the Chairman of BKPM No. 5 of 2018 the applicant or company should meet the following criteria:

1. The Pioneer Industry:
   a. Upstream metal base industry (iron steel and not steel) with or without derivatives, which are integrated.
   b. Refining industry and/or refining oil and gas with or without derivatives, which are integrated.
   c. Petroleum-based petrochemical industry, natural gas or coal with or without derivatives, which are integrated.
   d. Inorganic basic chemical industry with or without derivatives, which are integrated.
   e. Basic organic chemical industry originating from agricultural, plantation or forestry products with or without derivatives, which are integrated.
   f. Pharmaceutical raw material industry with or without derivatives, which are integrated.
   g. Manufacture of semi-conductors and other major computer components such as semiconductor wafers, backlights for Liquid Crystal Display (LCD), electrical drivers, or Liquid Crystal Display (LCD) that are integrated with the computer manufacturing industry.
   h. The industry for the manufacture of major communication equipment components such as semiconductor wafers, backlights for Liquid Crystal Display (LCD), electrical drivers, or Liquid Crystal Display (LCD) that are integrated with the manufacturing industry of mobile phones (smartphones).
   i. The industry of making major components of medical devices that are integrated with the industry of manufacturing irradiation, electromedical or electotheraphy equipment.
j. Industrial manufacture of major industrial machinery components such as electric motors or internal combustion motors that are integrated with the machinery manufacturing industry.

k. Industry for making major engine components such as pistons, cylinder heads, or cylinder blocks that are integrated with the manufacture of four-wheeled or more motorized vehicles.

l. The manufacture of robotic components integrated with manufacturing machinery manufacturing industries.

m. Industrial manufacture of main components of ships integrated with the shipbuilding industry.

n. The industry for manufacturing major aircrafts components such as engines, propellers, rotors, or structural components integrated with the aircraft manufacturing industry.

o. Industry for the manufacture of major train components such as engines or transmissions integrated with the railroad manufacturing industry.

p. The power plant machinery industry, including the waste power plant machinery industry.

q. Economic infrastructure.

2. New investment

3. Having a value of the new investment plan of at least IDR 500.000.000.000,00 (five hundred billion rupiahs).

4. Fulfill the provisions of the amount of the ratio between debt and capital as referred to in the Regulation of the Minister of Finance concerning determining the amount of the ratio between debt and company capital for the purposes of calculating Income Tax.

5. Having not yet been issued a decision regarding the granting of a notification or concerning the refusal to reduce the Corporate Income Tax by the Minister of Finance.

6. Status as an Indonesian legal entity.
As regulated in the Ministry of Finance No.35/PMK.010/2018 of 2018 and the
Regulation of BKPM No.5 of 2018, reduction in Corporate Income Tax (Tax Holiday)
is given at 100% (one hundred percent) of the amount of the Corporate Income Tax
owed. The period of the reduction is provided with the following conditions:

a. 5 (five) tax years for new investments with a value of investment plan of at
least IDR 500,000,000,000.00 (five hundred billion rupiahs) and a maximum
of less than IDR 1,000,000,000,000.00 (one trillion rupiahs).

b. 7 (seven) tax years for new investments with an investment plan value of at
least IDR 1,000,000,000,000.00 (one trillion rupiahs) and a maximum of less
than IDR 5,000,000,000,000.00 (five trillion rupiahs).

c. 10 (ten) tax years for new investments with an investment plan value of at
least IDR 5,000,000,000,000.00 (five trillion rupiahs) and maximum of less
than IDR 15,000,000,000,000.00 (fifteen trillion rupiahs).

d. 15 (fifteen) tax years for new investments with an investment plan value of
at least IDR 15,000,000,000,000.00 (fifteen trillion rupiahs) and no more than
IDR 30,000,000,000,000.00 (thirty trillion rupiahs).

e. 20 (twenty) tax years for new investments with the value of the investment
plan at least IDR 30,000,000,000,000.00 (thirty trillion rupiahs).

Note:

1. BKPM will publish In Advance Confirmation which is a notification letter to investors regarding
the fulfilment of the requirements of the pioneer industry to obtain a corporate income tax
deduction facility for the investors who applied for it

2. List of business fields (Indonesia Standard Industrial Classification-KBLI) of the pioneer
QUESTION 23

BESIDES FISCAL FACILITIES, IS THERE ANY OTHER FACILITY PROVIDED?

Answer:
GREEN LANE
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.

WAGE FORMULA
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.

OTHERS
We support business to reduce their production costs, by cutting the price of fuel, gas, and electricity for industry. We revised the Negative Investment List (DNI) to be more open for foreign investment, specifically intended for sectors: industrial, creative economy, and tourism.
INVESTMENT RELATED ASPECTS
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 24

WHAT IS THE MINIMUM WAGE IN INDONESIA?

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

QUESTION 25

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:

1. 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)

2. 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.

3. 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.

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Employer’s Contribution</th>
<th>Employee’s Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers (BPJS Ketenagakerjaan or BPJS-TK)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work accident</td>
<td>0.24%-1.74%</td>
<td></td>
</tr>
<tr>
<td>(Depending on Industry)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Death/life none</td>
<td>0.30%</td>
<td></td>
</tr>
<tr>
<td>Old Age</td>
<td>3.70%</td>
<td></td>
</tr>
<tr>
<td>Pension*</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td>Health (BPJS Kesehatan or BPJS-KS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health*</td>
<td>4.00%</td>
<td></td>
</tr>
<tr>
<td>*) With minimum salary cap of IDR 7,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*) BPJS (Badan Penyelenggara Jaminan Sosial)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
QUESTION 26

IS THERE ANY OBLIGATION FOR EMPLOYER TO PAY EMPLOYEES FOR 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 (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 and BPJS for Health at www.bpjskesehatan.go.id.

QUESTION 27

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 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 (Kantor Perwakilan Perusahaan Perdagangan Asing or 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 organization
8. Social institutes and other institute for religious, education, or cultural purpose
9. Impresario service entity

The employers of foreign labor could be able to hire foreign workers only for a certain position and a certain time.

Employers of Federal Civil Firm (Firma or Fa), the Limited/Federal Partnership (Commanditaire Vennootschap or CV), Associated Business (Usaha Bersama or UB), Trading Company (Usaha Dagang or UD) are prohibited for employing foreign labor except as provided in the State Law.
**FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT**

**QUESTION 28**

**WHAT ABOUT EMPLOYING FOREIGNER AS A MEMBER OF BOARD OF DIRECTOR?**

**Answer:**

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

1. Board of Director (BoD)
2. Board of Commissioner (BoC)
3. Builder Members
4. Board Members
5. Supervisory except for DDI, a foreigner cannot hold a position as a member the Board of Commissioner.

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
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

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

QUESTION 28
WHAT ABOUT EMPLOYING FOREIGNER AS A MEMBER OF BOARD OF DIRECTOR?

Answer:
For all FDI, a foreigner could hold a position as a member of:
1. Board of Director (BoD)
2. Board of Commissioner (BoC)
3. Builder Members
4. Board Members
5. Supervisory except for DDI, a foreigner cannot hold a position as a member of the Board of Commissioner.

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

QUESTION 29
HOW MUCH IS THE WORKING PERMIT CHARGE FOR FOREIGNER?

Answer:
Companies employing foreigners are charged USD 100/month (USD 1,200) per year per foreign employee as a compensation fund for foreign workers (Article 40 Manpower Act No. 35 of 2015). This charge is administered through state-owned bank which is appointed by Minister of Manpower of the Republic of Indonesia.
WHAT ARE THE PROCEDURES TO RECRUIT FOREIGN WORKER?

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

Once approved, Ministry of Manpower of the Republic of Indonesia will issue RPTKA Endorsement to the employer.

Employee will then be able to apply for Limited Stay Visa (Visa Tinggal Terbatas or VITAS). General requirement for application as follows:

1. Application letter
2. Copy of bank statement
3. Original passport with minimum 18 months validity for 1 year stay period or 30 months validity for 2 years staying period
4. Recommendation letter: RPTKA

There are 2 options for VITAS application:

1. VITAS which is submitted by the employer:
   a. The employer submits VITAS application to Directorate of Immigration.
   b. The employer has to pay for the telex visa approval cost.
   c. When the VITAS application is approved, the employer will get visa approval letter, and the approval was also sent to the Indonesian Embassy representative.
   d. The foreign worker has to come to the Indonesian representative to apply for a visa while carrying the approval letter and pay for the visa fee.

2. VITAS which is submitted by the foreign worker:
   a. The foreign worker submits VITAS application to Indonesian Embassy Representative.
   b. The foreign worker should pay for the telex visa approval cost.
   c. The Indonesian Embassy Representative will forward the application to Directorate of Immigration.
   d. 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.
   e. After obtaining a visa, the foreign worker will head to Indonesia and be granted with admission stamp upon arrival.
   f. Foreign worker should report to the local immigration office where he/she resides in Indonesia to take biometric and interview and also pay the cost of limited stay permit.
   g. VITAS issued.
e. After obtaining a visa, the foreign worker will head to Indonesia and will be granted with admission stamp upon arrival.

f. 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.

g. VITAS issued.

2. VITAS which is submitted by the foreign worker:

a. The foreign worker submits VITAS application to Indonesian Embassy Representative.

b. The foreign worker should pay for the telex visa approval cost.

c. The Indonesian Embassy Representative will forward the application to Directorate of Immigration.

d. 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.

e. After obtaining a visa, the foreign worker will head to Indonesia and be granted with admission stamp upon arrival.

f. Foreign worker should report to the local immigration office where he/she resides in Indonesia to take biometric and interview and also pay the cost of limited stay permit.

g. VITAS issued.

The foreign worker should apply for Limited Stay apply *(Kartu Izin tinggal Terbatas or KITAS)* from the immigration Office closest to their area within 7 days after entering Indonesia. The following procedures also applies to the temporary foreigner workers and expertise, such as: specialized technician for temporary repair work, some experts for short-term job position and any affiliated foreigner for specific work function.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

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 (Izin Mempekerjakan Tenaga Kerja Asing or 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 authorize 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).
QUESTION 32

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 on Employment, foreign labor can only be employed in Indonesia for a certain position and department.

As a follow up to the above regulation, Ministerial Decree of Manpower No.10 of 2018 on Procedures for Licensing Hiring Foreign Workers stipulate. There are certain positions which are prohibited for foreigners.

Additionally, the employer or sponsor is prohibited from hiring foreign labor who has already worked in other company with exception if the foreign labor is appointed as Director or Commissioner in other company as stated in its General Meeting of Shareholders or certain sectors such as vocational education and training, digital economic and also oil and gas.
QUESTION 33

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 agency also shall not be exempted to provide protection for their employees.

QUESTION 34

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 could be extended maximum once for a year.

Note:
QUESTION 35
IS OUTSOURCING ALLOWED?

Answer:
Yes, it is allowed. Outsourcing, in this regard, is defined as obtaining goods or services by contract from an outside supplier. However, in society perspective, majority of the outsource workers are employed under temporary contract.

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

1. If outsourcing is perceived as the recruitment of workers who directly conducted by the employer with the status of working relationships are specified for certain 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:

a. Job which could be done in one time or temporary
b. Job which is estimated a maximum of 3 years for its completion
c. Job which is seasonal
d. Job which correlates 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 outsourcing is understood as obtaining goods or services by contract from outside parties, then outsourcing in this definition must be in accordance with Ministerial Decree of Manpower No.19 of 2012. Outsourcing is divided into 2 types, which are:

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

b. Worker service provider (worker only), should be a supporting service or not deal directly with the production process:
   • Cleaning service
   • Catering for workers
   • Security
   • Supporting services in oil and gas industry
   • Transportation provider for workers
QUESTION 36
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 ensuring 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.

QUESTION 37
HOW IS 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 includes all member of the tripartite cooperation institutions, altogether 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.

**QUESTION 38**

**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 the 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 should be considered not happening. Because the employers are required to contact (in written form) the workers for 2 times consecutively within 7 days. The workers/labors who do not respond will be considered to have resigned.

For the case of workers strike legally in raising demand for normative rights which are violated by employer, they shall be entitled to obtain wage.

**QUESTION 39
WHAT IS THE REGULATION OF EMPLOYMENT TERMINATION?

**Answer:**
Termination of employment is regulated in Chapter XII of Law No. 13 of 2003 concerning Manpower. Employment termination occurs because of certain problems that stop the rights and obligations between the workers and the employers.

Employer, labors, labors unions, and the government, by all means, try to avoid employment termination. However, in all efforts made, the employment termination can not be avoided. The employers should negotiate the plans for the employment termination with the labor union individually in the case of the said labor is not a member of the union.
In the case of negotiations, as referred to the paragraph above, it fails to make an agreement. The employers can only terminate the employment relations with the workers/labors after obtaining provisions from the authorities to settle industrial relations disputes.

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.

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 fulfill 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.
**LAND OWNERSHIP**

**QUESTION 40**

**CAN I BUY AND OWN LAND IN INDONESIA?**

**Answer:**

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

1. **The Right of Exploitation** (*Hak Guna Usaha* or *HGU*) is granted for maximum 25 years and can be extended for 25 years. For company that requires a longer period, HGU for no more than 35 years may be granted.

2. **The Right of Building** (*Hak Guna Bangunan* or *HGB*) is the right to build and to own a building on land which does not belong to someone’s property for a period of no more than 30 years and can be extended for no more 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 Right of Use can be owned by Indonesian citizens, foreigner residing in Indonesia, corporate bodies established under Indonesian Law and are based/having office in Indonesia, and foreign companies that have a representative office in Indonesia.
The HGU and HGB ownership are allowed to change during the contract period. However, the land usage right can be transferred to other parties with the approval of the relevant government official. The individual land usage right can also change hands.

**QUESTION 41**

**CAN A FOREIGNER OR FDI COMPANY 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 FDI company and the status of the land is HGB or 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 FDI company 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.
**QUESTION 42**

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 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 a certain period of time.

2. The type of plantation crops must be in accordance with the HGU.

This right can be held by Indonesian individuals or entities as well as government approved FDI companies and can be pawned.

**QUESTION 43**

WHAT IS THE STATUS OF LAND FOR A PT. PMA WHO IS A PROPERTY DEVELOPER?

**Answer:**

FDI companies that are property developers can buy land in Indonesia to develop property. The status of the land is HGB which will be divided into small lots accordingly. Then, the property buyer can submit an application to change the status of the land to Ownership Rights (*Hak Milik*) which is only allowed for Indonesian citizens.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

TAXATION

QUESTION 44

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. FDI companies that are located and conduct business activities in Indonesia and foreigners who work and earn income in Indonesia generally must bear the same tax obligations as the resident taxpayers. The self-assessment method is used to calculate income tax.

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

<table>
<thead>
<tr>
<th>Tax rates for Individual(s)</th>
<th>Income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxabale annual income</td>
<td></td>
</tr>
<tr>
<td>Up to IDR. 50 Million</td>
<td>5%</td>
</tr>
<tr>
<td>Over IDR. 50 Million to Rp. 250 Million</td>
<td>15%</td>
</tr>
<tr>
<td>Over IDR. 250 Million to Rp. 500 Million</td>
<td>25%</td>
</tr>
<tr>
<td>Over IDR. 500 Million</td>
<td>35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax rates for Corporate(s)</th>
<th>Income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>28%</td>
</tr>
<tr>
<td>2010 onwards</td>
<td>25%</td>
</tr>
<tr>
<td>Limited company which 40% of their shares trade in stock exchange market</td>
<td>5% lower than normal rate</td>
</tr>
<tr>
<td>Gross turnover up to Rp. 50 billion</td>
<td>5% deduction from normal rate</td>
</tr>
</tbody>
</table>
The Tax Withholding system is used in Indonesia to collect the income tax. If a certain item of income is subject to withholding tax, the payer is responsible for holding or collecting taxes. For example, employers are required to withhold income tax of the salaries paid 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.*

---

**QUESTION 45**

**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 year (0.1%) of the asset value.

**Value Added Tax or VAT**

In normal cases, 10% VAT is applied to imports, manufactured goods, and most services. However, in accordance with 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 must be paid at the rate of 0.44% out of 1% gross export value.
This is only applicable to foreign taxpayers who have no double-tax treaty agreement. For more information on the payment details, please refer to Directorate General of Taxation Circular No. SE-2/PJ.03/2008.
Beside tax, local government in the provinces or cities usually apply retribution for some business sectors and it varies from region to region.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

IMMIGRATION

QUESTION 46

DO I NEED A VISA TO VISIT INDONESIA?

Answer:

Yes, foreigners who will travel to Indonesia should apply for visa from the Indonesian Embassy in their respective countries unless they come from one of the visa-exempt countries or the countries that qualify 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 entrance officer at the airport/seaport may ask the passenger to show any necessary documents (such as hotel reservation and other financial evidences).

Regarding the purpose of visit, ASEAN Countries Nationality Visitors 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 without renewal or convert to other types of visas.
I HAVE HEARD VISA-FREE VISITS TO INDONESIA, MAY I KNOW WHAT IS IT ABOUT?

Answer:

Presidential Regulation Number 21 of 2016 regarding Visa-Free Visit. This latest regulation replaces its previous preceding the Presidential Regulation Number 104 of 2015 on Amendment of Presidential Decree Number 69 of 2015.

As per this regulation, 169 recipient countries that are free of visit visas are given a stay permit for 30 days and cannot be extended.

The countries are:
Albania; Algeria; Andorra; Angola; Antigua and Barbuda; Argentina; Armenia; Australia; Austria; Azerbaijan; Bahamas; Bahrain; Bangladesh; Barbados; Belarus; Belgium; Belize; Benin; Bhutan; Bolivia; Bosnia and Herzegovina; Botswana; Brazil; Brunei; Bulgaria; Burkina Faso; Burundi; Cambodia; Canada; Cape Verde; Chad; Chile; China; Comoros; Costa Rica; Cote d'Ivoire; Croatia; Cuba; Cyprus; Czech Republic; Denmark; Djibouti; Dominican Republic; Ecuador; Egypt; El Salvador; Estonia; Fiji; Finland; France; Gabon; Gambia; Georgia; Germany; Ghana; Greece; Grenada; Guatemala; Guyana; Haiti; Holy See; Honduras; Hong Kong; Hungary; Iceland; India; Ireland; Italy; Jamaica; Japan; Jordan; Kazakhstan; Kenya; Kiribati; Kuwait; Kyrgyzstan; Laos; Latvia; Lebanon; Lesotho; Liechtenstein; Lithuania; Luxembourg; Macau; Macedonia; Madagascar; Malawi; Malaysia; Maldives; Mali; Malta; Marshall Islands; Mauritania; Mauritius; Mexico; Moldova; Monaco; Mongolia; Morocco; Mozambique; Myanmar; Namibia; Nauru; Nepal; Netherlands; New Zealand; Nicaragua; Norway; Oman; Palau; Palestine; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Samoa; San Marino; Sao Tome and Principe; Saudi Arabia; Senegal; Serbia; Seychelles; Singapore; Slovakia; Slovenia; Solomon Islands; South Africa; South Korea; Spain; Sri Lanka; Suriname; Swaziland; Sweden; Switzerland; Taiwan; Tajikistan; Tanzania; Thailand; Timor-Leste; Togo; Tonga; Trinidad and Tobago;
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:

<table>
<thead>
<tr>
<th>Brunei Darussalam</th>
<th>Ecuador</th>
<th>Macau</th>
<th>Myanmar</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>Hongkong SAR</td>
<td>Malaysia</td>
<td>Peru</td>
<td>Thailand</td>
</tr>
<tr>
<td>Chile</td>
<td>Laos</td>
<td>Morocco</td>
<td>Philipines</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Algeria</td>
<td>Denmark</td>
<td>Italy</td>
<td>Netherlands</td>
<td>Slovenia</td>
</tr>
<tr>
<td>Angola</td>
<td>Egypt</td>
<td>Japan</td>
<td>New Zealand</td>
<td>South Africa</td>
</tr>
<tr>
<td>Argentina</td>
<td>England</td>
<td>Jordan</td>
<td>Norway</td>
<td>South Korea</td>
</tr>
<tr>
<td>Austria</td>
<td>Estonia</td>
<td>Kazakstan</td>
<td>Oman</td>
<td>South Korea</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Fiji</td>
<td>Kuwait</td>
<td>Panama</td>
<td>Suriname</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Finland</td>
<td>Kyrgyzstan</td>
<td>Papua New Guinea</td>
<td>Sweden</td>
</tr>
<tr>
<td>Belarus</td>
<td>France</td>
<td>Latvia</td>
<td>Poland</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Belgium</td>
<td>Germany</td>
<td>Lebanon</td>
<td>Portugal</td>
<td>Taiwan</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Ghana</td>
<td>Liechtenstein</td>
<td>Qatar</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Canada</td>
<td>Greece</td>
<td>Lithuania</td>
<td>Romania</td>
<td>Timor Leste</td>
</tr>
<tr>
<td>China</td>
<td>Hungary</td>
<td>Luxembourg</td>
<td>Russia</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Commonwealth of dominica</td>
<td>Holly See</td>
<td>Maldives</td>
<td>San Marino</td>
<td>Turkey</td>
</tr>
<tr>
<td>Croatia</td>
<td>Iceland</td>
<td>Malta</td>
<td>Saudi Arabia</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>Cyprus</td>
<td>India</td>
<td>Mexico</td>
<td>Seyhelles</td>
<td>USA</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Ireland</td>
<td>Monaco</td>
<td>Slovakia</td>
<td>Venezuela</td>
</tr>
</tbody>
</table>
These 75 countries can obtain Visa-Free Visit at certain airports and harbors:

**Airports:**
1. Adi Soemarmo, Surakarta
2. Adi Sucipto, Yogyakarta
3. Ahmad Yani, Semarang
4. Lombok Praya, Mataram
5. Belitung, Tanjung Pandan
6. Binaka, Sibolga
7. El Tari, Kupang
8. Frans Kaisiepo, Biak
9. Halim Perdana Kusuma, Jakarta
10. Hang Nadim, Batam
11. Husein Sastranegara, Bandung
12. I Gusti Ngurah Rai, Denpasar
13. Juanda, Surabaya
14. Kualanamu, Medan
15. Maimun Saleh, Sabang
16. Minangkabau, Padang
17. Mopah, Merauke
18. Mozes Kilangin, Tembaga Pura
19. Pattimura, Ambon
20. Sam Ratulangi, Manado
21. Sultan Aji Muhammad Sulaiman Sepinggan, Balikpapan
22. Soekarno Hatta, Tangerang
23. Sultan Hasanuddin, Makassar  
24. Sultan Iskandar Muda, Banda Aceh  
25. Sultan Mahmud Badarudin II, Palembang  
26. Sultan Syarif Kasim II, Pekanbaru  
27. Supadio, Pontianak  
28. Tarakan, Tarakan

**Harbours:**
1. Achmad Yani, Ternate  
2. Amamapare, Tembagapura  
3. Anggrek, Gorontalo  
4. Bagan Siapi-api, Bagan Siapi-api  
5. Bandar Bentan Telani Lagoi, Bintan  
6. Bandar Seri Udana Lobam, Bintan  
7. Bandar Sri Setia Raja, Bengkalis  
8. Batam Centre, Batam  
9. Batu Ampar, Batam  
10. Belakang Padang, Batam  
11. Belawan, Medan  
12. Benete, Sumbawa Besar  
13. Biak, Biak  
14. Boom Baru, Palembang  
15. Celukan Bawang, Singaraja  
16. Citra Tri Tunas, Batam  
17. Ciwandan, Cilegon
18. Dumai, Dumai
19. Dwi Kora, Pontianak
20. Gunung-Sitoli, Sibolga
21. Jambi, Jambi
22. Jayapura, Jayapura
23. Kabil, Batam
24. Kendari, Kendari
25. Kota Baru, Kota Baru
26. Kuala Enok, Tembilahan
27. Kuala Langsa, Aceh
28. Kuala Tanjung, Tanjung Balai Asahan
29. Kuala Tungkal, Jambi
30. Lauren Say, Maumere
31. Lembar, Mataram
32. Lhokseumawe, Lhokseumawe
33. Malahayati, Banda Aceh
34. Malundung, Tarakan
35. Manado, Manado
36. Marina Teluk Senimba, Batam
37. Marore, Tahuna
38. Merauke, Merauke
39. Miangas, Tahuna
40. Nongsa Terminal Bahari, Batam
<table>
<thead>
<tr>
<th></th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>41.</td>
<td>Nusantara, Pare-pare</td>
</tr>
<tr>
<td>42.</td>
<td>Nusantara, Tahuna</td>
</tr>
<tr>
<td>43.</td>
<td>Padang Bai, Singaraja</td>
</tr>
<tr>
<td>44.</td>
<td>Panarukan, Panarukan</td>
</tr>
<tr>
<td>45.</td>
<td>Pangkal Balam, Pangkal Pinang</td>
</tr>
<tr>
<td>46.</td>
<td>Panjang, Bandar Lampung</td>
</tr>
<tr>
<td>47.</td>
<td>Pantoloan, Palu</td>
</tr>
<tr>
<td>48.</td>
<td>Pasuruan, Pasuruan</td>
</tr>
<tr>
<td>49.</td>
<td>Pemangkat, Sambas</td>
</tr>
<tr>
<td>50.</td>
<td>Probolinggo, Probolinggo</td>
</tr>
<tr>
<td>51.</td>
<td>Pulau Baai, Bengkulu</td>
</tr>
<tr>
<td>52.</td>
<td>Sabang, Sabang</td>
</tr>
<tr>
<td>53.</td>
<td>Samarinda, Samarinda</td>
</tr>
<tr>
<td>54.</td>
<td>Sampit, Sampit</td>
</tr>
<tr>
<td>55.</td>
<td>Samudera, Bitung</td>
</tr>
<tr>
<td>56.</td>
<td>Sekupang, Batam</td>
</tr>
<tr>
<td>57.</td>
<td>Selat Lampa, Ranai</td>
</tr>
<tr>
<td>58.</td>
<td>Semayang, Balikpapan</td>
</tr>
<tr>
<td>59.</td>
<td>Siak Sri Indrapura, Siak</td>
</tr>
<tr>
<td>60.</td>
<td>Sibolga, Sibolga</td>
</tr>
<tr>
<td>61.</td>
<td>Sintete, Sambas</td>
</tr>
<tr>
<td>62.</td>
<td>Soekarno-Hatta, Makassar</td>
</tr>
<tr>
<td>63.</td>
<td>Sorong, Sorong</td>
</tr>
<tr>
<td>64.</td>
<td>Sri Bayintan, Tanjung Pinang</td>
</tr>
</tbody>
</table>
65. Sri Bintan Pura, Tanjung Pinang
66. Sungai Guntung, Tembilahan
67. Tanjung Balai Karimun, Tanjung Balai Karimun
68. Benoa, Denpasar
69. Tanjung Emas, Semarang
70. Tanjung Gudang, Pangkal Pinang
71. Tanjung Harapan, Selat Panjang
72. Tanjung Intan, Cilacap
73. Tanjung Kelian, Pangkal Pinang
74. Tanjung Lontar, Kupang
75. Tanjung Pandan, Bangka Belitung
76. Tanjung Perak, Surabaya
77. Tanjung Priok, Jakarta
78. Tanjung Uban, Bintan
79. Tanjung Wangi, Jember
80. Tarempa, Tarempa
81. Teluk Bayur, Padang
82. Teluk Nibung, Tanjung Balai Asahan
83. Tembilahan, Tembilahan
84. Tri Sakti, Banjarmasin
85. Tual, Tual
86. Tunon Taka, Nunukan
87. Yos Sudarso, Ambon
88. Yos Sudarso, Cirebon
**QUESTION 48**

OTHER THAN VISA-FREE VISITS, IS THERE ANY OTHER KIND OF VISA?

**Answer:**
Nationals from the following 4 countries may apply for a VoA for 30 days length of stay by paying certain amount of money. The rate is the same for any passenger of any age, including infants. The Indonesia VoA can be extended once for 30 days:

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

Nationals who are not eligible for Visa Free Visits or VoA should apply for visa at Indonesian embassy or consulate.

Nationals from 10 following countries require approval from Immigration Office in Indonesia before travelling for business, tourist and social visits purposes:

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

**QUESTION 49**

WHAT ARE THE GENERAL REQUIREMENTS TO APPLY FOR A 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 can be downloaded from the website of respective embassy of the country 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 VITAS, it must be valid for at least 18 months after the date of entry.

4. A guarantee of the availability 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:**

a. *The Embassy has the authority to reject any applicants.*

b. *Additional documents will be required, depending on the purpose of stay.*

---

**QUESTION 50**

**HOW MUCH SHOULD I PAY FOR THE VISA?**

**Answer:**

In regards to visa application fees, the currency fluctuation visa fees are adjusted accordingly to each country’s currency. For this reason, each visa applicant is advised to contact directly to the Indonesian Embassy or Consulate General located in the respective country. In the case where the Indonesian Government representative is not available at the applicant resident city or area, please contact Ministry of Foreign Affairs of the Republic of Indonesia at the following website, www.kemlu.go.id
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 51

HOW TO APPLY FOR VISA TO WORK AND STAY IN INDONESIA?

Answer:

The applicant can apply online by visiting website www.imigrasi.go.id and click Visa Section or come directly to Directorate of Immigration.

Foreigners intending to work and stay in Indonesia must get Limited Stay Visa (VITAS). To get VITAS, applicants must have a sponsor both from 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 is approved, 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 foreigners enter Indonesia by using VITAS, they should apply for Limited Stay Permit Card (KITAS) from the local immigration office.

Note:

Application of working permit will be explained further in the Chapter of ‘Labors Law’.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 52
CAN I BRING MY FAMILY TO INDONESIA?

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

QUESTION 53
IS THERE ANY VISA FACILITATION SCHEME FOR INVESTORS?

Answer:
Yes, there is a visa facilitation scheme applicable for investor in the Special Economic Zone or SEZ (Kawasan Ekonomi Khusus or KEK). Currently, Head of One Stop Service (Kepala Pelayanan Terpadu Satu Pintu or PTSP), 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 Province.

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

a. Investors
b. Working as an expert
c. Spouse of Limited Stay Permit holders
d. Parents of child under 18 years old

e. Foreign homeowner and/or elderly in accordance with existing regulation.

Officials at the Overseas Indonesian Representative can grant a Limited Stay Visa (VITAS) for 2 years for investors after receiving approval from the immigration officer at PTSP 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.

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

1. A request from the company or sponsor
2. Fill out the application and guarantee form
3. Company or sponsor profiles.
4. Foreign Worker Employment Plan (RPTKA)
5. Curriculum vitae or resume of applicant
6. Copy of passport
7. Photo 4x6 cm (2 copies)
Multiple Visit Visa Requirements (for SEZ area):

1. Application from the company
2. Fill out the application and guarantee form
3. Company or sponsor profiles
4. Curriculum vitae or resume of applicant
5. Copy of passport
6. Photo 4x6 cm (2 copies)

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. 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] However, the
ownership right of product registration can only be obtained by the local distributor company. Therefore, there might be a risk such as the ownership right of product registration 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. Through this scheme, your company can apply the ownership right of your own products. If your trading company is just importing, your company is not allowed to distribute the products hence you still have to appoint local distributor or agent company.

In both ways, the company should obtain Single Business Number (NIB) via OSS website, www.oss.go.id

**QUESTION 55**

**IS IT ALLOWED TO EXPORT OR IMPORT ANY KIND OF PRODUCTS AND COMMODITIES TO AND FROM INDONESIA?**

**Answer:**
There are restrictions and limitations to export and import some specified products and commodities. Please refer to the website of Indonesia National Single Window or INSW as follows, http://eservice.insw.go.id

**QUESTION 56**

**WHAT ABOUT THE EXPORT AND IMPORT TARIFF OF PRODUCTS AND COMMODITIES IN INDONESIA?**

**Answer:**
Visit INSW website as mentioned in the previous question.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

QUESTION 57
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 follows:

1. Importer is required to submit Notification of Imported Goods (*Pemberitahuan Impor 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:
   1. Proof of custom duties and import tax payment.
   2. NIB which is the ratification of Importer Identification Number (API) and customs access rights (Customs Registration Number-*Nomor Induk Kepabeanan* or *NIK*)
   3. Tax ID (NPWP)
   4. Notification of Imported Goods (PIB)
   5. Tax and Custom Deposit Letter
   6. Invoice
   7. Packing list
   8. Bill of Lading (*Dokumen Pengangkatan Barang* or B/L)
   9. 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:

1. Delivery order from shipping agency
2. SPPB
**Question 58**

Where can I find more information on import tax duties rate?

**Answer:**
Please refer to this following link, [http://www.beacukai.go.id/?page=apps/browsetarif-dan-lartas.html](http://www.beacukai.go.id/?page=apps/browsetarif-dan-lartas.html)

To access this information, importers need to identify the exact Harmonized System (HS) Codes for their imported products. HS Codes can be found on INSW website, [www.insw.go.id](http://www.insw.go.id)

**Question 59**

How do we find out the list of goods prohibited for import 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 on INSW website, [www.insw.go.id](http://www.insw.go.id)
HOW IS THE PROCEDURE TO REGISTER THE FOOD AND DRUG PRODUCTS TO NATIONAL AGENCY AND FOOD CONTROL (BPOM)?

Answer:
All food and drug products such as 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.

The registration must be done by the local company, local agent, or distributor before the products cleared to 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 follows:

1. Register online on BPOM website, [http://www.ebpom.pom.go.id](http://www.ebpom.pom.go.id) or INSW website, [http://eservice.insw.go.id](http://eservice.insw.go.id) with the mechanism of Single SignOn.
2. Upload following supporting original documents to one of both websites above:
   a. Letter of application signed by the directors or the power attorney of directors.
   b. Letter of responsibility.
   c. NIB which functions as Importer Identification Number (API).
   d. Trading Business License (Surat Izin Usaha Perdagangan or SIUP).
   e. Tax ID (NPWP).
f. Letter of power attorney regarding importing in the form of General Certificate by a notary, in terms of the applicant is a company who have been authorized to import.
g. List of HS code of the product to import.
h. For the SKI of drug, the applicant should attach Pharmaceutical industry license.

3. Do the e-payment as one of Non-Tax Revenue (Penerimaan Negara Bukan Pajakor PNBP)

4. Submit the electronic documents such as:
   a. Distribution approval license
   b. Certificate of analysis
   c. Invoice
   d. Proof of Payment of Non-Tax Revenue (PNPB)

5. For the application of vaccine and serum, the applicant should attach:
   a. Batch/lot release certificate from the Body of Authority in the country where the vaccine released.
   b. Summary of batch/lot protocol which is published by the factory.
   c. Certificate of analysis which includes source of an active 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 of the Republic of Indonesia in the animal origin country.

8. Additional documents or tests might be required depending on the product category.
GOVERNMENT SUPPORTS
WHERE CAN I FIND INFORMATION ABOUT GOVERNMENT AGENCIES AND OTHER INSTITUTIONS RELATED TO INVESTMENT?

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
Web : www.bkpm.go.id, www.investindonesia.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 No 2, Senayan, Jakarta 10270
Tel : +62 21 - 570 4501-04 / 573 0191
Web : www.menlhk.go.id
WHERE CAN I FIND INFORMATION ABOUT GOVERNMENT AGENCIES AND OTHER INSTITUTIONS RELATED TO INVESTMENT?

**QUESTION 61**

**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  
  Web : 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 No 2, Senayan, Jakarta 10270  
  Tel : +62 21 - 570 4501-04 / 573 0191  
  Web : 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  
  Web : 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

- **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 / 797 4488  
  Web : www.naker.go.id

- **Ministry of Public Works and Public Housing of the Republic of Indonesia (Kementerian Komunikasi dan Informasi RI),** Jalan Pattimura 20, Kebayoran Baru, Jakarta Selatan - 12110  
  Tel : +62 21 - 722 8497  
  Web : 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 / 780 4116 , Fax : +62 21 - 780 6305  
  Email : webmaster@pertanian.go.id  
  Web : www.pertanian.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

Ministry of Health of the Republic of Indonesia
(Kementerian Kesehatan RI) Jalan HR. Rasuna Said Blok X5
Kav. 4-9, Jakarta 12950
Tel : +62 21 - 520 1591 (hunting) Fax : +62 21 - 5292 1669
Email : kontak@kemkes.go.id
Web : www.kemkes.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
Web : www.polri.go.id

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

National Standardization Agency of the Republic of Indonesia
(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
Web : www.bsn.go.id
**QUESTION 62**

**WHAT IS BKPM?**

**Answer:**
Referring to Law Number 25 of 2007, The Indonesian Investment Coordinating Board *(Badan Koordinasi Penanaman Modal or BKPM)* is a Non-Ministerial Agency mandated to coordinate the implementation of investment policy through overcoming barriers of investment activity, increasing the certainty of providing incentive facility and strengthening the role of investors.

**QUESTION 63**

**HOW DOES BKPM SUPPORT MY INVESTMENT?**

**Answer:**
BKPM develop strategies to improve its end-to-end service for investors. We have marketing team who will assist at facilitating investors from obtaining licenses, carrying out the construction stages until finishing the commercial operation stages. Working closely with business associations and investors, BKPM continuously encourages government to keep updating pro investment policies.
FAQ - FREQUENTLY ASKED QUESTIONS ON INVESTMENT

INDONESIA INVESTMENT PROMOTION CENTER (IIPC)

TOKYO
Fukoku Seimei Building 16F 2-2-2 Uchisaiwai-cho, Chiyoda-ku Tokyo 100-0011
Japan
P  : +81 3 3500 3878
F  : +81 3 3500 3879
PIC : Rakhmat Yulianto (Mr.)
E  : iipc.tokyo@bkpm.go.id

SINGAPORE
8 Temasek Boulevard, Suntec Tower 3, #33-03 Singapore 038988
P  : +65 6334 4410
F  : +65 6334 4891
PIC : Ricky Kusmayadi (Mr.)
E  : iipc.sg@bkpm.go.id

SEOUL
Two IFC, 15 fl. 10 Gukjegeumyung-ro, Yeoungdeungpo-Gu, Seoul 150-945,
Republic of Korea
P  : +82 2 6137 9455
F  : +82 2 6137 9456
PIC : Hilmy Q.R. Tanjung (Mr.)
E  : 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  
PIC : Rahardjo Siswohartono (Mr.)  
E : iipc.newyork@bkpm.go.id

**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  
PIC : Mohammad Firdaus (Mr.)  
E : ieto@ms8.hinet.net

**SYDNEY**
Suite 6, level 30, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000  
P : +612 9252 0091  
F : +612 9252 0092  
PIC : R.R. Sri Moertiningroem (Ms.)  
E : iipc-aussie@bkpm.go.id

**LONDON**
200 Aldersgate, London EC1A4HD, United Kingdom  
P : +44 207 397 8564; +44 207 397 8566  
F : +44 207 397 8565  
W : http://www.bkpm.go.id/en/homeiipc/london/7  
PIC : Aditia Prasta (Mr.)  
E : iipc.london@investinindonesia.uk