

HOW TO ESTABLISH A COMPANY IN INDONESIA

COMPREHENSIVE GUIDE FOR
FOREIGN INVESTORS



JULY 2025

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→ EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

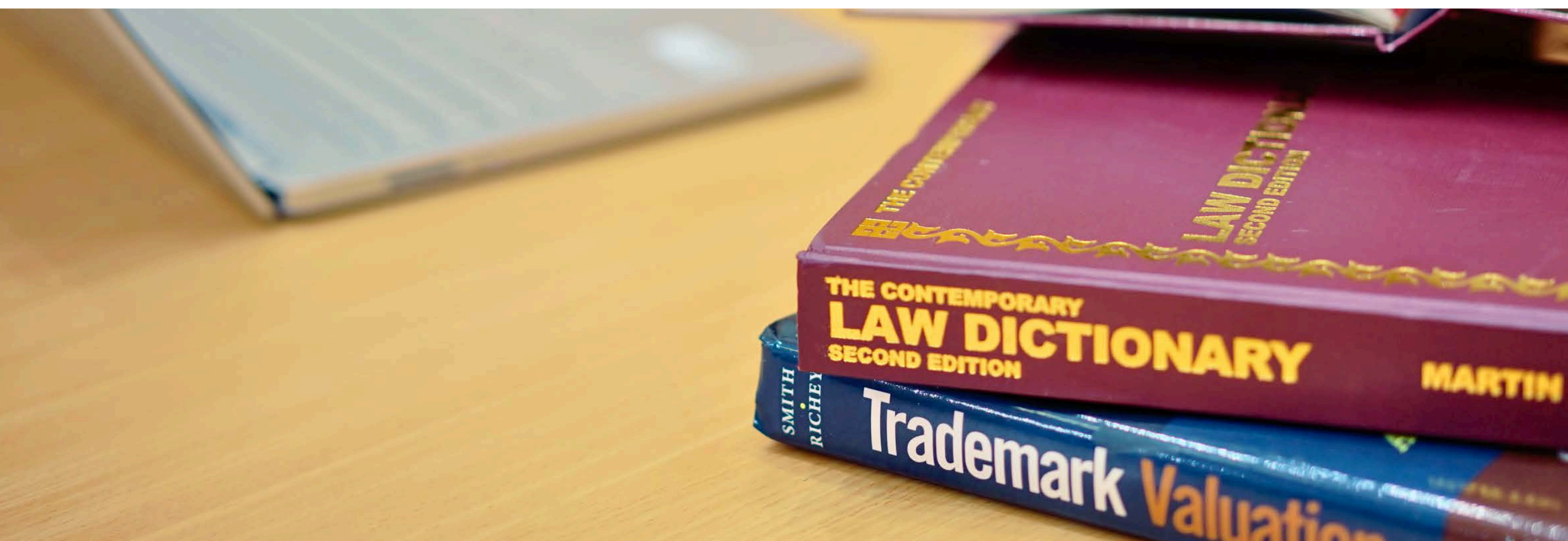
Indonesia has streamlined the process of establishing a company, particularly for foreign investors, through the OSS-RBA (Online Single Submission Risk-Based Approach) system. The process involves several key steps from drafting and notarizing the Articles of Association to securing a Business Identification Number (NIB). Depending on the business sector, additional operational licenses may be required, followed by opening a corporate bank account. The average timeline for completion ranges from 4 to 8 weeks.

To comply with Indonesian regulations, companies must meet minimum capital requirements, and adhere to post-establishment obligations such as corporate governance filings, tax compliance, and other employment obligations. By following this step-by-step framework, investors can legally operate in Indonesia while taking advantage of streamlined licensing, tax incentives, and sector-specific benefits in areas like renewable energy, data centers, and healthcare.

→ REGULATORY LANDSCAPE

REGULATORY ARCHITECTURE

1. Investment Law No. 25 of 2007 – Guarantees protection from arbitrary expropriation, allows 100% profit repatriation.
2. Job Creation Law No. 6 of 2023 – Amends 79 statutes; institutes risk-based licensing (low, medium, high-risk categories) replacing legacy location-based permits.
3. Presidential Regulation 10 of 2021 – Positive Investment List; business fields classified as Priority, Open, Conditional, or Closed.
4. Minister of Finance Regulation No. 136 of 2024 – Implements Global Minimum Tax via Domestic Minimum Top-Up Tax and Income Inclusion Rule mechanisms; applies for fiscal years starting 1 January 2025.
5. Regulation of the Minister of Law and Human Rights Number 22 of 2023 – Golden Visa requirements and digital KITAS issuance.



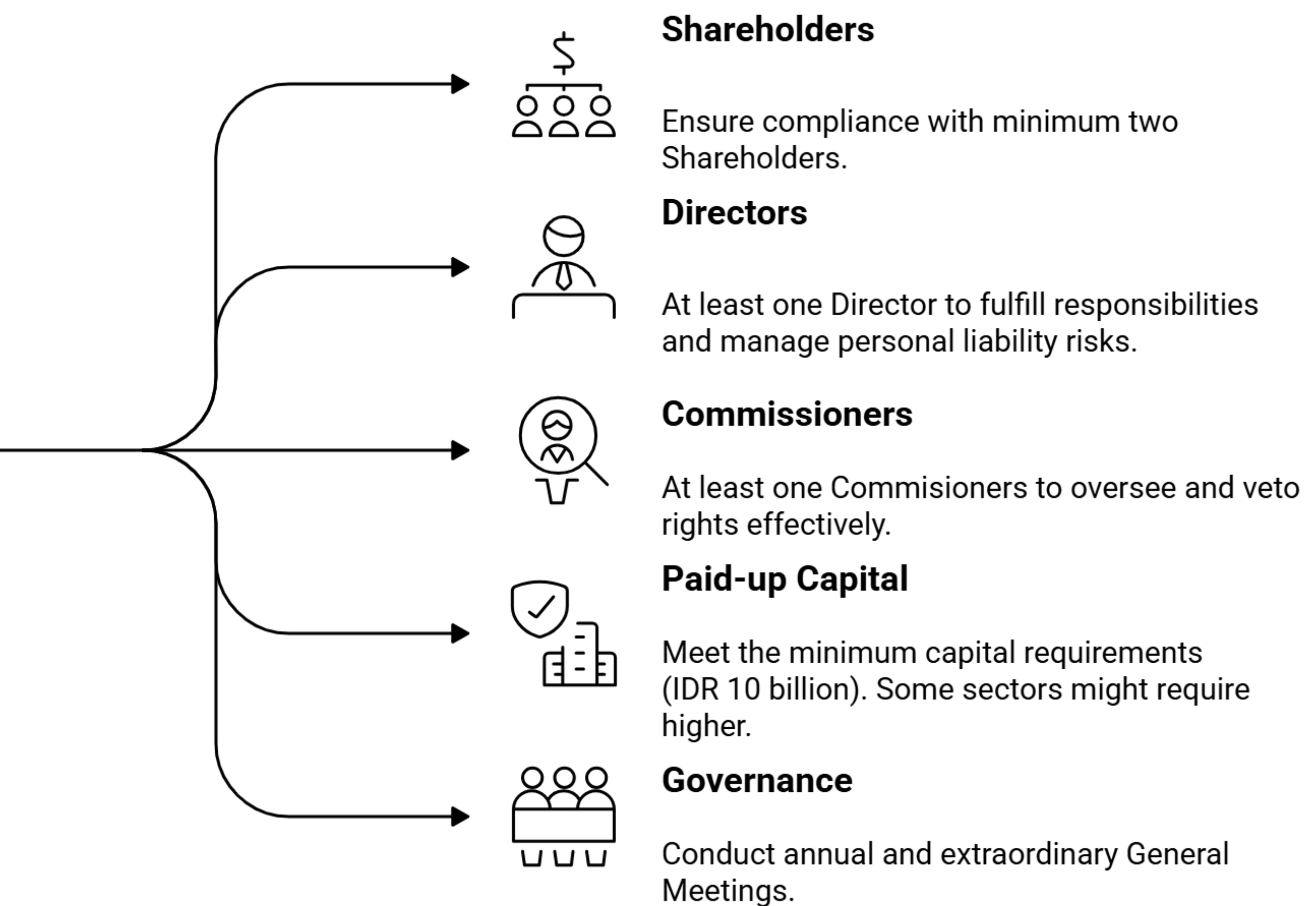
SECTORAL INCENTIVES

These are the key incentives for specific priority sectors targeted by the Indonesian government for Foreign Direct Investment (FDI).

Sector	Ownership Cap	Key Incentives
Renewable Energy	100%	<ul style="list-style-type: none">• Tax Holiday up to 20 years• Carbon-Trading Credits• 0% VAT on Imported Turbines
Downstream Nickel & Electronic Vehicle Batteries	100%	<ul style="list-style-type: none">• 300% Super-Deduction for R&D• Duty-Free Capital-Goods Import• Priority Land Bank Access
Data Centres & Cloud	100%	<ul style="list-style-type: none">• 10-Year Land Use in Special Economic Zone• Expedited Electronic System Provider (PSE) License (within 5 days)• Reduced Power Tariffs
Biopharma & Hospitals	70% - 100%	<ul style="list-style-type: none">• 0% VAT & Import Duty on Medical Devices

Note – Ownership caps may be exceeded via grandfathering for existing investors or future amendments; monitor OSS bulletins

FOREIGN INVESTMENT COMPANY (PT PMA)



Tip: Consider inserting robust drag-along and tag-along clauses within Articles to anticipate future funding rounds.

ALTERNATIVE ENTITY FORMS

Representative Office

Scope:

- May not engage in direct commercial activities but can conduct market research, promotion, and liaison functions for the parent company.

Licensing

- Application and reporting through Indonesian Investment Coordinating Board (BKPM). No capital requirement, but limited to certain sectors and timeframes.

Limitation:

- Cannot generate revenue or sign contracts with Indonesian entities except its overseas headquarters.

Special Economic Zone Entity

Advantages:

- Access to preferential tax rates, customs incentives, and simplified immigration.
- Single-window clearance for permits and employment of expatriates.

Eligibility:

- Significant investment threshold (e.g., \geq IDR 100 billion for extended corporate tax reductions).
- Business activities must align with Special Economic Zone objectives.

→ INVESTMENT PLAN & CAPITAL REQUIREMENTS

INVESTMENT PLAN & CAPITAL REQUIREMENTS

Requirement	Statutory Minimum	Information
Total Investment Plan	IDR 10 billion	Land & buildings excluded and the amount of investment applied for each KBLI code.
Paid-up Capital (minimum)	IDR 10 billion	Legally required minimum for PT PMA.
Initial Paid-Up (25% of Capital)	IDR 2.5 billion	Must be paid upfront to commence incorporation.

Note: Larger-scale or strategic projects may require higher capital thresholds, especially in capital-intensive industries such as infrastructure, manufacturing, or mining.

→ A STREAMLINED STEP-BY-STEP PROCESS

A STREAMLINED STEP-BY-STEP PROCESS

The overall company incorporation process generally takes approximately 4–8 weeks, more complex cases may extend to 45 days or more. The steps are as follows:

1. **Notarial Deed of Establishment:** Draft Articles of Association (in Indonesian) and have them notarized via a local notary.
2. **Ministry of Law and Human Rights Approval:** Submit the notarized deed to Ministry of Law and Human Rights; approval then legally constitutes the company.
3. **Obtain Domicile Letter:** Secure a certificate from local authorities confirming the registered address. (Note: Some regions may have streamlined this into the OSS process).
4. **Corporate Tax ID Registration:** Register for a Corporate Tax ID (NPWP) through CoreTax system.
5. **Business Identification Number Issuance:** Through the enhanced OSS risk-based system, obtain the Business Identification Number (NIB).
6. **Sectoral or Operational Licenses:** Apply for industry-specific permissions. These approvals are now integrated into the OSS platform with guaranteed timelines.
7. **Open Corporate Bank Account:** Use incorporation documents, Corporate Tax ID (NPWP), NIB, and domicile letter to open a local bank account.

→ COMPLIANCE & ONGOING OBLIGATIONS

COMPLIANCE & ONGOING OBLIGATIONS

Investment Activity Reporting (LKPM)

All investment companies are required to report realization and progress (Laporan Kegiatan Penanaman Modal/LKPM) through the OSS/Ministry of Investment channel at intervals specified by their risk category and investment phase. The OSS portal provides filing windows and templates; non-submission can trigger administrative sanctions under the investment regime.

Corporate Governance Changes

Capital changes, share transfers, mergers, and certain major asset transactions require shareholder approval procedures under the Company Law, and must be notified to/recorded by the Minister to be effective against third parties. Maintaining statutory registers and timely filings protects investor rights and regulatory standing.

Tax Filings & Withholding Obligations

After NPWP issuance, the company must comply with periodic tax filings and withholding obligations in line with the Directorate General of Taxes regulations. Accurate registration data (legal domicile, authorized representatives) at the time of NPWP application supports correct account assignment and compliance monitoring.

→ COMPLIANCE & ONGOING OBLIGATIONS

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Employment Social Security Contributions

Employers registered with BPJS Ketenagakerjaan must remit contributions and keep worker data current; registration can be done online and requires supporting corporate documents (license evidence, NPWP). Foreign workers employed ≥ 6 months must also be registered. Non-compliance can lead to administrative measures.

Immigration Status Maintenance

Visa holders benefit from extended stay validity and simplified post-arrival processing; however, investment value conditions apply and must be maintained. Immigration authorities may review compliance with the qualifying investment; failure to maintain can affect stay status.

Discover how **we have assisted** others in overcoming their challenges and achieving their goals through our [Study Case and Success Story](#).

NEXT STEP

With a multidisciplinary team of legal experts, tax consultants, and notarial professionals, **we provide tailored solutions** that align with each client's specific needs and objectives. Whether managing company incorporation, securing permits, or ensuring regulatory compliance, our services are structured to minimize risk, streamline execution, and support long-term success.

Explore how we can assist you:

→ [Foreign Investment Company \(PT PMA\) Establishment](#)

→ [Business Identification Number \(NIB\)](#)

→ [Business License Service](#)

→ [Tax & Accounting Service](#)

For more information or tailored assistance, please [contact us](#) directly or visit [our official website](#).

SOURCES

- Law No. 25 of 2007 on Investment (English text hosted by Ministry of Investment/BKPM).
- Law No. 40 of 2007 on Limited Liability Companies (English text hosted by BKPM).
- Law No. 6 of 2023 (stipulating Perppu No. 2 of 2022 on Job Creation into Law). Peraturan BPK official database.
- Government Regulation No. 5 of 2021 on Risk-Based Business Licensing (RBA; OSS implementation). Peraturan BPK official database.
- Presidential Regulation No. 10 of 2021 on Investment Business Fields (Positive Investment List) (as amended). Peraturan BPK/JDIH Kemenko Infrastructure.
- OSS – Online Single Submission National Licensing Portal (guides, LKPM reporting, risk classification tools). Government of Indonesia.
- Directorate General of Taxes – NPWP Registration Guidance (corporate taxpayer registration channels & requirements). Ministry of Finance, Republic of Indonesia.

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