

# Insights and Commentary from Dentons

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## THE ISSUANCE OF ONLINE SINGLE SUBMISSION REGULATION



On 21 June 2018, the Government issued the Government Regulation No. 24 of 2018 concerning Online Single Submission Services (*Pelayanan Perizinan Berusaha Terintegrasi Secara Elektronik*) (“GR 24/2018”). The GR 24/2018 introduces a new licensing system in Indonesia which focuses on accelerating the licensing procedure which eventually will improve the ease of doing business in Indonesia through an integrated online system known as the Online Single Submission (“OSS”) which was officially launched on 9 July 2018.

As from the official launching of the OSS System, all business licenses are now processed and issued by the OSS Agency through the OSS System. During the transitional period, the operation of OSS system by the OSS Agency is maintained by the Coordinating Ministry for Economic Affairs (Kementerian Koordinator Perekonomian - “Kemenkoekuin”) until the Indonesia Investment Coordinating Board (Badan Koordinasi Penanaman Modal - “BKPM”) is ready to be an in-charge institution in handling the operation of the OSS System and the issuance of business licenses by the OSS Agency.

### HIGHLIGHTS

#### 1. Business Actors

GR 24/2018 divides Business Actors into 2 (two) categories: (i) individual and (ii) non-individual. Non-individual Business Actors consist of these following parties:

- a. Limited liability company;
- b. State companies;
- c. Regional companies;
- d. Other state-owned legal entities;
- e. Public service entities;
- f. Broadcasting agencies;
- g. Business entities established by the foundation;
- h. Cooperatives;
- i. Limited partnership (*persekutuan komanditer/commanditaire vennootschap*);
- j. Business firms (*persekutuan firma/vennootschap onder firma*); and
- k. Partnership (*persekutuan perdata*).

#### 2. Registration Procedure

With regard to the registration with the OSS system, each business actor will obtain a Business Identification Number (*Nomor Induk Berusaha* / “NIB”) as an evidence that it has been registered in the OSS system.

Please note that in order to be registered in the OSS system, the business actor shall insert:

- a. National identification number (*Nomor Induk Kependudukan* / “NIK”) for individuals;
- b. Number of Deed of Incorporation for limited liability companies, foundations, cooperatives, limited partnerships (*commanditaire vennootschap*), business firms, and partnerships; and
- c. Legal basis of incorporation for state companies, regional companies, other state-owned legal entities, broadcasting agencies, and public service entities.

From the above requirements, we understand that the business actor, specifically in the form of legal entity, is required to be legally established as evidenced by its establishment documentation prior to applying licenses to the OSS system.

#### 3. Obtaining NIB

Following the registration procedure, after obtaining the access right, the business actor must obtain NIB, which will be used to obtain business license and commercial or operational licenses, consisting of 13 (thirteen) random digits number and featured with an electronic signature.

NIB will also serves as: (i) Company Registration Certificate (*Tanda Daftar Perusahaan/TDP*), (ii) Importer Identification Number (*Angka Pengenal Impor/API*), and (iii) custom duties access right. Once the business actor obtains its NIB, it will automatically be registered with the Social Security Agency (both health and manpower programs). The OSS system will also process the Tax Payer Identification Number (“**NPWP**”) for the business actor who has not obtained its NPWP prior to the OSS registration.

#### 4. 2 (two) Types of Licensing

Unlike the previous regime, OSS only recognizes 2 (two) types of licensing that will be issued by OSS Agency, in the form of electronic documents, for and on behalf of Minister, Head of Institution, Governor, or Regent/Mayor, which are (i) Business License and (ii) Commercial or Operational Licenses.

##### a. Business License

Business License will be obtained by the business actor after it has been registered in the OSS System and is ready to start the business and/or activity prior to commercial or operational implementations by fulfilling the commitments as follows:

- i. location permit (*izin lokasi*);
- ii. waters location permit (*izin lokasi perairan*);
- iii. environmental permit (*izin lingkungan*); and/or
- iv. building construction permit (*izin mendirikan bangunan*).

Depends on its line of business, other commitment that shall be fulfilled by the business actor is in the form of administration fee, i.e. (i) non-tax state revenue (*penerimaan negara bukan pajak*); (ii) import duty and/or export duty; (iii) excise; and/or (iv) regional tax or regional retribution.

##### b. Commercial or Operational Licenses

This type of license will be issued after the business actor obtains the Business License and satisfies the commitment which shall be subject to the line of business of each business actor, and shall be in the forms of (i) standardization and/or certification and/or license; and/or (ii) registration of goods/services.

On 17 July 2018, BKPM issued an announcement stated that there are several business licenses which are not regulated under GR 24/2018 and therefore the process and issuance of business licenses will still be under the BKPM authority:

No.	Sector	Type of Licenses
1.	Energy and Mineral Resources	<p>Electricity Sub-sector:</p> <ol style="list-style-type: none"> <li>1. Geothermal license</li> <li>2. Preliminary survey and geothermal exploration assignments</li> </ol> <p>Oil and gas Sub-sector:</p> <ol style="list-style-type: none"> <li>1. Utilization of oil and gas data license</li> <li>2. Survey license</li> <li>3. Oil and gas storage business license</li> <li>4. Oil and gas processing business license</li> <li>5. Oil and gas transportation business license</li> <li>6. General oil and gas business license</li> <li>7. Oil and gas representative office</li> </ol> <p>Coal and minerals Sub-sector:</p> <ol style="list-style-type: none"> <li>1. Mining exploration business license</li> <li>2. Termination of mining business license due to being returned</li> <li>3. Operation-production mining business license specifically for transportation and sales and its extension</li> <li>4. Operation-production mining business license and its extension</li> <li>5. Operation-production business license specifically for processing and/or refinery and its extension</li> <li>6. Temporary license to carry out transportation and sale</li> <li>7. Operation-production mining business license for sale</li> <li>8. Mining services business license and its extension</li> </ol>
2.	Housing and Public Works	<ol style="list-style-type: none"> <li>1. Business license for property development and activity</li> <li>2. Housing business license</li> </ol>
3.	Finance	<ol style="list-style-type: none"> <li>1. Granting of import facility for machinery, capital goods and materials for investors in industrial sector and in industrial sector that produces services</li> <li>2. Granting of import facility for machinery, capital goods in electricity sector</li> <li>3. Granting of import facility for machinery, capital goods for contract of work and PKP2B</li> <li>4. Tax holiday facility proposal</li> <li>5. Tax allowance facility proposal</li> </ol>
4.	BKPM	<ol style="list-style-type: none"> <li>1. Representative office</li> <li>2. Branch office license for domestic investment company and foreign-owned Indonesian company</li> <li>3. Recommendation for the limited stay visa (VITAS) as the shareholder</li> </ol>

No.	Sector	1.Type of Licenses
4.	BKPM	4.Recommendation for the change of status from the visit stay permit to the limited stay permit (ITAS) 5.Recommendation for the limited stay permit (ITAS) to become the permanent stay permit (ITAP)

### 5. Corporate Actions after the Issuance of GR 24/2018

Under the GR 24/2018, currently all corporate actions taken by the business actor shall be recorded in the form of notarial deed and report the same to the electronic system maintained by the Ministry of Law and Human Rights (“MOLHR”). Upon submission to the MOLHR system and obtaining approval from MOLHR for such corporate actions, such corporate actions shall be deemed legally valid. Given the integration between the MOLHR system through AHU Online and the OSS system, the information related to any amendment of the company will be automatically updated on the company’s OSS account.

### 6. NIB Registration for Existing Companies under GR 24/2018

All business licenses which were applied by any business actor before the enactment of GR 24/2018 and for the business licenses that have not been issued will be processed by the OSS system. For any business actor which has obtained the business licenses and wishes to obtain a new license in order to develop its business, the following requirements shall be applied:

- a. The application of issuance of business licenses for the development of business or commercial operations shall be submitted in the OSS system;
- b. For the business license and/or commercial licenses that have been obtained will remain be valid until they are expired, and will further need to be registered through the OSS system;

- c. The business actor will be granted an NIB.

### CONCLUSION

Following to the foregoing, it can be concluded that under the GR 24/2018 that:

1. Each of business actors shall register its business with the OSS system and shall have an NIB.
2. Establishment of new business, whether it is conducted by an individual business actor or a non-individual business actors, shall be done through the OSS system.
3. Business license and/or commercial licenses that have been obtained by the existing business actor will remain be valid until they are expired.
4. An existing business actor that currently holds an interim investment license from BKPM (e.g. an in-principle license or investment registration) will need to apply for a business license and/or commercial operation license through the OSS portal.
5. During the transitional period from the BKPM regime to the OSS Ssystem, the business actor can still conduct any corporate action.
6. Taking into consideration the philosophy of self-compliance, the awareness of business actors is highly expected and they are encouraged to fulfill the required commitment prior to applying certain business licenses.

We are aware that during transitional period from the BKPM regime to the OSS System, the business actor may have some obstacles in doing its day-to-day business or preparing its corporate actions. Please contact your lawyer at HPRP Lawyers for any assistance and further clarification on this matter.

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*This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions or matters. For more information, please contact us at [hplaw@hplaw.co.id](mailto:hplaw@hplaw.co.id).*

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