

INDONESIA - LAUNCH OF THE NEW PROCESS FOR BUSINESS LICENSING: ONLINE SINGLE SUBMISSION



ASIA

The Indonesian government has issued Regulation of Government No. 24 of 2018 on the Electronically Integrated Business Licensing Service ("**Regulation 24/2018**"), with the objective of bolstering ease of doing business through the establishment of the Online Single Submission ("**OSS**") system for business licensing processing.

■ I. ONLINE SINGLE SUBMISSION

The OSS is an integrated and centralized licensing system for the processing of business licenses for and on behalf of ministries, heads of agencies, governors, regents and mayors. The OSS system is aimed to be operated by the OSS Agency. During the transition phase, the system will be temporarily operated by the Coordinating Ministry for Economic Affairs.

Businesses which are eligible to use the OSS are both individual businesses and non-individual businesses, which comprise:

1. Legal business entities, including both privately owned and government-owned entities (e.g., limited-liability companies, regional general enterprises, public service agencies, etc.); and
2. Non-legal business entities (e.g., cooperatives, limited partnerships [*persekutuan komanditer*], *firma* partnerships, etc.).

The OSS system is to be utilized in order to process, in sequence, the following:

1. Businesses Identity Numbers (*Nomor Induk Berusaha* - "**NIB**");
2. Business licenses;
3. Commercial and operational licenses; and
4. Foreign-Worker Recruitment Plans (*Rencana Penggunaan Tenaga Kerja Asing/RPTKA*).

■ II. LICENSE REFORM

Regulation 24/2018 requires the relevant public authorities to undertake business licensing reform for the purpose of accelerating business services through the OSS system. Business licensing reform comprises the following activities:

1. Re-regulation of the following areas: types, registrations, recommendations, approvals, determinations, standards and certification of licenses *via*:
 - a. Reclassification of licenses;
 - b. Removal of licenses;
 - c. Merging of licenses;
 - d. Changes which are made to license names (*nomenklatur*);
 - e. Changes which are made to requirements;
2. Formulation of procedures for the securing of licenses;
3. Implementation of the commitment required for the securing of licenses.

The business licensing reform process is to be undertaken throughout 20 business sectors, as detailed in the Appendix to Regulation 24/2018, including: electricity; agriculture; environment and forestry; public works and public housing; marine affairs and fisheries; health; medicine and food; industry; trade; transportation; communication and informatics; finance; tourism; education and culture; high education; religion; manpower; police; cooperatives and micro, small, medium; and nuclear power.

The implementation of business licensing in sectors other than the 20 sectors set out under Regulation 24/2018 will be implemented in accordance with the prevailing laws and

regulations which apply across the relevant sectors.

■ III. BUSINESSES IDENTITY NUMBERS ("NIB")

As a new requirement introduced by Regulation 24/2018, businesses are first required to apply for NIBs via the OSS system. NIB is a 13-digit secure number that will serve as the identity of a business to be used to apply for business licenses, commercial licenses and operational licenses via the OSS.

NIBs will also function as:

1. Company Registration Certificate (TDP);
2. Import Identification Number (API) and customs access; and
3. Proof of participation in the Social Security for Health (BPJS Kesehatan) and Manpower (BPJS Ketenagakerjaan) programs.

NIBs will remain valid for the duration of the business activity and in accordance with the relevant laws and regulations. NIBs can be revoked if businesses undertake any activities which violate the terms of their NIBs and/or if NIBs are declared null or void based on binding court decisions.

In order to obtain NIBs, businesses are first required to register with the OSS system by inputting certain information, including citizenship identity number (for individual applicants); deed of establishment number (for non-individual applicants); or/ and business sector involved (for both types of applicant); and so forth.

In addition, the Taxpayer Identification Numbers (*Nomor Pokok Wajib Pajak* - "**NPWP**") is to be provided as well. Should an applicant not yet be



in possession of an NPWP, then the applicant should request it beforehand through the OSS.

■ IV. BUSINESS LICENSES

Regulation 24/2018 sets out two types of businesses which are required to obtain business licenses: (i) businesses which do not require any infrastructure for their business activities; and (ii) businesses which require certain infrastructure for their business activities. The latter is subdivided into further two categories: a) businesses which already own the required infrastructure; and b) businesses which have yet to take ownership of the required infrastructure.

The OSS Agency may issue business licenses based on commitments for the following business types:

1. Businesses which do not require any infrastructure for their business activities; and
2. Businesses which require certain infrastructure for their business activities and which already own the required infrastructure.

Meanwhile, businesses which require certain infrastructure but which have yet to acquire said infrastructure are first obliged to apply for the following licenses in order to secure business licenses based on the commitment in accordance with the relevant permit being issued:

1. Location permit based on commitment (ie. fulfillment of their commitment within 10 days of the relevant permit being issued);
2. Water location permit based on commitment (ie. fulfillment of their commitment within 10 days of the relevant permit being issued);
3. Environmental license based on commitment (ie. applications for the fulfillment of Environmental Management Efforts and Environment Monitoring Efforts (UKL-UPL) within 10 days of the relevant environmental license being issued); and/or
4. Building construction permit (*Izin Mendirikan*

Bangunan - "IMB") based on commitment (ie. businesses are required to apply for IMB settlements from the relevant authorities via the OSS within 30 days of the relevant IMB being issued by the OSS Agency).

Once a business license based on commitment has been obtained, businesses are authorized to undertake the following activities:

1. Procurement of land, human resources, facilities and infrastructure;
2. Changes in land area;
3. Construction and operation of buildings;
4. Commissioning activities;
5. Production activities; and so forth.

Business licenses will remain valid for as long as businesses run their business operations, unless stated otherwise in the relevant laws and regulations.

■ V. COMMERCIAL AND OPERATIONAL LICENSES

Commercial and operational licenses based on commitment are to be issued by the OSS Agency in order to comply with the type of products/ services that will be commercialized/ procured, either for the standardization, certification and/ or licensing of business activities; either for the registration of goods and/or services involved in the business activity.

Requirements for the issuance of such commercial and operational licenses seems to stay as per the up-to-date related regulations.

Commercial and operational licenses will remain valid in accordance with the relevant validity periods, as regulated under the prevailing laws and regulations which prevail for each license type.

■ VI. TRANSITIONAL PROVISIONS

Any business licenses which were applied for prior to the issuance of Regulation 24/2018 and which have not been issued yet will be processed via the OSS system in accordance with Regulation 24/2018.

Moreover, in terms of any businesses which secured business licenses and/or commercial or operational licenses prior to the issuance of Regulation 24/2018 and which require new licenses for business development purposes, the following provisions will apply:

1. Applications for the issuance of new licenses will be undertaken via the OSS system through the completion of the necessary information and through the submission of the relevant commitment in accordance with Regulation 24/2018;
2. Business licenses and/or commercial or operational licenses which have already been previously secured will remain valid and must be registered with the OSS system; and
3. Businesses will be granted NIBs in accordance with Regulation 24/2018.



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