

GUIDE TO AND PROCEDURE OF INVESTMENT PRINCIPLE LICENSE

(Regulation of the Chief of the Investment Coordinating Board No. 14/2015 dated September 29, 2015)

CHIEF OF THE INVESTMENT COORDINATING BOARD OF THE REPUBLIC OF INDONESIA

Considering :

- a. that to simplify investment licensing and non-licensing, the Chief of the Investment Coordinating Board has issued a regulation number 5 of 2013 concerning Guide to and Procedure of Investment Licensing and Non-Licensing as already amended by Regulation of the Chief of the Investment Coordinating Board No. 12/2013;
- b. that to implement provisions in Article 16 paragraph (2) of Law No. 23/ 2014 concerning Regional Governments, Article 5 paragraph (1) letter a and Article 7 paragraph (1) letter a and letter c of Presidential Regulation No. 97/2014 concerning the Realization of One-Stop Integrated Services, it is necessary to revise Regulation of the Chief of the Investment Coordinating Board No. 5/2013 concerning Guide to and Procedure of Investment Licensing and Non-licensing as already amended by Regulation of the Chief of the Investment Coordinating Board No. 12/2013;
- c. that based on the considerations as referred to in letters a and b, it is necessary to stipulate Regulation of the Chief of the Investment Coordinating Board concerning Guide to and Procedure of Investment Principle License;

In view of :

1. Law No. 5/1999 concerning Ban on Monopolistic Practices and Unsound Business Competition (Statute Book of 1999 No. 33, Supplement to Statute Book No. 3817);
2. Law No. 37/2000 concerning the Endorsement of Government Regulation in lieu of Law No. 2/2000 concerning Sabang Free Trade Area and Free Port into Law (Statute Book of 2000 No. 252, Supplement to Statute Book No. 4054);
3. Law No.13/2003 concerning Manpower (Statute Book of 2003 No. 39, Supplement to Statute Book No. 4279);

4. Law No. 25/2007 on Investment (Statute Book of 2007 No. 67, Supplement to Statute Book No.4724);
5. Law No. 26/ 2007 concerning Spatial Layout (Statute Book of 2007 No. 68, Supplement to Statute Book No. 4725);
6. Law No. 40/2007 concerning Limited Liability Company (Statute Book of 2007 No. 106, Supplement to Statute Book No. 4756);
7. Law No. 44/2007 concerning the Endorsement of Government Regulation in lieu of Law No. 1/2007 concerning Amendment to Law No. 36/2000 concerning the Endorsement of Government Regulation in lieu of Law No. 1/2000 concerning Free Trade Area and Free Port into Law (Statute Book of 2007 No. 130, Supplement to Statute Book No. 4775);
8. Law No. 11/2008 concerning Electronic Information and Transactions (Statute Book of 2008 No. 58, Supplement to Statute Book No. 4843);
9. Law No. 14/2008 concerning Public Information Expose (Statute Book of 2008 No. 81, Supplement to Statute Book No. 4846);
10. Law No. 20/2008 concerning Micro, Small and Medium Businesses (Statute Book of 2008 No. 93, Supplement to Statute Book No. 4866);
11. Law No. 25/2009 on Public Services (Statute Book of 2009 No. 112, Supplement to Statute Book No. 5038);
12. Law No. 32/2009 concerning Environmental Management (Statute Book of 2009 No. 140, Supplement to Statute Book No. 5059);
13. Law No. 39/2009 concerning Special Economic Zone (Statute Book of 2009 No. 147, Supplement to Statute Book No. 5066);
14. Law No. 23/2014 concerning Regional Governments (Statute Book of 2014 No. 244, Supplement to Statute Book No. 5587) as already several times amended the latest by Law No. 9/2015 concerning the Second Round of Amendment to Law No. 23/2014 concerning Regional Governments (Statute Book of 2015 No. 58, Supplement to Statute Book No. 5679);
15. Government Regulation No. 44/1997 concerning Partnership (Statute Book of 1997 No. 91, Supplement to Statute Book No. 3718);
16. Government Regulation No. 65/2005 concerning Guide to Drawing up and Applying Minimum Service Standard (Statute Book of 2005 No. 150, Supplement to Statute Book No. 4585);
17. Government Regulation No. 41/2007 concerning the Organization of Regional Apparatuses (Statute Book of 2007 No. 89, Supplement to Statute Book No. 4741);

18. Government Regulation No. 46/2007 concerning Batam Free Trade Area and Free Port (Statute Book of 2007 No. 107, Supplement to Statute Book No. 4757) as already amended by Government Regulation No. 5/2011(Statute Book of 2011 No. 16, Supplement to Statute Book No. 5195);
19. Government Regulation No. 47/2007 concerning Bintan Free Trade Area and Free Port (Statute Book of 2007 No.108, Supplement to Statute Book No. 4758);
20. Government Regulation No. 48/2007 concerning Karimun Free Trade Area and Free Port (Statute Book of 2007 No. 109, Supplement to Statute Book No. 4759);
21. Government Regulation No. 45/2008 concerning Guide to Granting Incentives and Facilities to Investment in Regions (Statute Book of 2008 No. 68, Supplement to Statute Book No. 4861);
22. Government Regulation No. 24/2009 concerning Industrial Estates (Statute Book of 2009 No. 47, Supplement to Statute Book No. 4987);
23. Government Regulation No. 83/2010 concerning the Delegation of Authority to the Sabang Estate Council (Statute Book of 2010 No. 143, Supplement to Statute Book No. 5175);
24. Government Regulation No. 2/2011 concerning the Realization of Special Economic Zone (Statute Book of 2011 No. 3, , Supplement to Statute Book No. 186);
25. Government Regulation No. 26/2012 concerning Tanjung Lesung Special Economic Zone (Statute Book of 2012 No. 47, Supplement to Statute Book No. 5284);
26. Government Regulation No. 27/2012 concerning Environmental Permit (Statute Book of 2012 No. 48, Supplement to Statute Book No. 5285);
27. Government Regulation No. 29/2012 concerning Sei Mangke Special Economic Zone (Statute Book of 2012 No. 54, Supplement to Statute Book No.5287);
28. Government Regulation No. 96/2012 concerning the Implementation of Law No. 25/2012 concerning Public Services (Statute Book of 2012 No. 215, Supplement to Statute Book No. 5357);
29. Presidential Regulation No. 76/2007 concerning Criteria and Requirements for Drawing up Closed Business Fields and Open Business Fields with Conditions in the Investment Field;
30. Presidential Regulation No. 90/2007 concerning Investment Coordinating Board as already amended by Presidential Regulation No. 86/2012 (Statute Book of 2012 No. 210);
31. Presidential Regulation No. 39/2014 concerning Closed Business Fields and Open Business Fields with Conditions in the Investment Field I(Statute Book of 2014 No. 93);
32. Presidential Regulation No. 97/2014 concerning the Realization of One-Stop Integrated Services (Statute Book of 2014 No. 221);

33. Presidential Decree No. 75/1995 concerning the Use of Expatriates;
34. Presidential Decree No. 90/2000 concerning Representative Office of Foreign Company;
35. Regulation of the Finance Minister No. 18/PMK.010/2012 concerning Venture Capital Company;
36. Decree of the Chief of the National Police No. SKEP/638/XII/2009 concerning the Delegation of Authority to Issue Business Permits in the Field of Security Service Business within the Framework of Realizing One-Stop Integrated Services in the Investment Field to the Chief of the Investment Coordinating Board;
37. Regulation of the Tourism Minister No. 2/2014 concerning the Realization of One-Stop Integrated Services in the Field of Tourism and Creative Economy at the Investment Coordinating Board as already amended by Regulation of the Tourism Minister No. 1/2015;
38. Regulation of the Industry Minister No. 122/MIND/PER/12/2014 concerning the Delegation of Authority to Issue Industrial Permits within the Framework of Realizing One-Stop Integrated Services in the Investment Field to the Chief of the Investment Coordinating Board;
39. Regulation of the Manpower Minister No. 25/2014 concerning the Realization of One-Stop Integrated Services in the Manpower Field at the Investment Coordinating Board;
40. Regulation of the Communication and Informatics Minister No. 40/2014 concerning the Delegation of Authority to Issue Industrial Permits within the Framework of Realizing One-Stop Integrated Services in the Communication and Informatics Field to the Chief of the Investment Coordinating Board;
41. Regulation of the Health Minister No. 93/2014 concerning the Realization of One-Stop Integrated Services in the Health Field at the Investment Coordinating Board;
42. Regulation of the Energy and Mineral Resources Minister No. 35/2014 concerning the Delegation of Authority to Issue Electricity Permits within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board;
43. Regulation of the Trade Minister No. 96/M-DAG/PER/12/2014 concerning the Delegation of Authority to Issue Industrial Permits in the Trade Field within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board as already amended by Regulation of the Trade Minister No. 10/M-DAG/PER/1/2015;
44. Regulation of the Agriculture Minister No. 70/Permentan/PD.200/6/2014 concerning Guide to Issuing Horticulture Farm Business Permit.
45. Decree of the Agriculture Minister No.1312/Kpts/KP.340/12/2014 concerning the Delegation of Authority to Issue Permits in the Agricultural Field within the Framework of Realizing One-Stop Integrated Services in the Agricultural Field to the Chief of the Investment Coordinating Board;

46. Regulation of the Agrarian and Spatial Layout Minister/Head of the National Land Agency No. 15/2014 concerning the Appointment of Officials of the Agrarian and Spatial Layout Ministry/National land Agency to be assigned at One Stop Integrated Services at the Investment Coordinating Board;
47. Regulation of the Public Works and Housing Minister No. 22/2014 concerning the Delegation of Authority to Issue Permits in the Public Works and Housing Field within the Framework of Realizing One-Stop Integrated Services at the Investment Coordinating Board;
48. Regulation of the Finance Minister No. 256/PMK.011/2014 concerning the Realization of One-Stop Integrated Services at the Investment Coordinating Board;
49. Regulation of the Education and Culture Minister No. 69/ 2014 concerning Permit for Organizing Non-formal Education with Foreign Capital;
50. Regulation of the Communication and Informatics Minister No. 40/2014 concerning the Delegation of Authority to Issue Industrial Permits within the Framework of Realizing One-Stop Integrated Services in the Communication and Informatics Field to the Chief of the Investment Coordinating Board ;
51. Regulation of the Environment and Forestry Minister No. P.97/MEN0HUT-II/2014 concerning the Delegation of Authority to Issue licensing and non-licensing in the environmental field within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board as already amended by Regulation of the Environment and Forestry Minister No. P.1/MenhutII/2015;
52. Regulation of the Maritime Affairs and Fisheries Minister No. 3/PERMEN-KP/2015 2014 concerning the Delegation of Authority to Issue business permits in the fish farming within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board;
53. Regulation of the Energy and Mineral Resources Minister No. 23/ 20152014 concerning the Delegation of Authority to Issue mineral business permits in the oil and gas field within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board;
54. Regulation of the Energy and Mineral Resources Minister No. 25/ 2015 concerning the Delegation of Authority to Issue business permits in the mineral and coal field within the Framework of Realizing One-Stop Integrated Services to the Chief of the Investment Coordinating Board I;
55. Regulation of the Transportation Minister No. PM. 03/2015 concerning the Realization of On-Stop Integrated Services in the Transportation Field at the Investment Coordinating Board;
56. Regulation of the Head of the Central Statistics Agency No. 57/ 2009 concerning the Standard Classification of Indonesian Field;

57. Regulation of the Head of the Investment Coordinating Board No.14/2011 concerning Provincial and Regency/Municipal Minimum Service Standard in the Investment Fields;
58. Regulation of the Head of the Investment Coordinating Board No.1 /2012 concerning the Delegation of Authority to Issue registration and investment principle license to the Sabang Zone Council
59. Regulation of the Head of the Investment Coordinating Board No. 2/2012 concerning the Delegation of Authority to Issue Business Permits within the framework of Investment to the Council of Sabang Area;
60. Regulation of the Head of the Investment Coordinating Board.No. 3/2012 concerning Guide to and Procedure of Controlling Investment;
61. Regulation of the Head of the Investment Coordinating Board No. 10/ 2012 concerning Technical Guide to Minimum Service Standard in the Investment Field at provincial and regency/municipal levels;
62. Regulation of the Head of the Investment Coordinating Board No. 8 /2013 on the Delegation of Authority to Issue Investment Principle License to the Head of the Management Board of Batam Free Trade Area and Free Port, the Head of the Management Board of Bintan Regency Free Trade Area and Free Port ; the Head of the Management Board of Bintan Municipal Free Trade Area and Free Port, the Head of the Management Board of Bintan Free Trade Area and Free Port for Tanjung Pinang Area; and the Head of the Management Board of Karimun Free Trade Area and Free Port;
63. Regulation of the Head of the Investment Coordinating Board No. 9 /2013 concerning the Delegation of Authority to Issue Business Permits to the Head of the Management Board of Batam Free Trade Area and Free Port, the Head of the Management Board of Bintan Regency Free Trade Area and Free Port ; the Head of the Management Board of Bintan Municipal Free Trade Area and Free Port, the Head of the Management Board of Bintan Free Trade Area and Free Port for Tanjung Pinang Area; and the Head of the Management Board of Karimun Free Trade Area and Free Port,
64. Regulation of the Head of the Investment Coordinating Board No. 1/2014 concerning the Delegation of Authority to Issue Investment Principle License to the Head of Sei Mangkei Special Economic Zone Administrator;
65. Regulation of the Head of the Investment Coordinating Board No. 2/ 2014 concerning the Delegation of Authority to Issue Investment Permits to the Head of the Sei Mangkei Special Economic Zone Administrator;
66. Regulation of the Head of the Investment Coordinating Board No. 4 /2014 concerning Electronic Investment Information and Licensing Service System;

67. Regulation of the Head of the Investment Coordinating Board No. 1 /2015 concerning the Delegation of Authority to Issue Investment Principle License to the Head of the Tanjung Lesung Special Economic Zone Administrator;
68. Regulation of the Head of the Investment Coordinating Board No. 2 /2015 concerning the Delegation of Authority to Issue Investment Permits to the Head of the Tanjung Lesung Special Economic Zone Administrator;
69. Regulation of the Head of the Investment Coordinating Board No. 9/2015 concerning the Realization of One Stop Integrated Services of Central Level at the Investment coordinating Board.

DECIDES :

To stipulate :

REGULATION OF THE CHIEF OF THE INVESTMENT COORDINATING BOARD CONCERNING GUIDE TO AND PROCEDURE OF INVESTMENT PRINCIPLE LICENSE.

CHAPTER I GENERAL PROVISIONS

Article 1

Referred to in this Regulation as :

1. Investment is all kinds of investment-related activities carried out either by domestic investor or foreign investor to carry out business in the territory of the Republic of Indonesia.
2. Investor is an individual or corporate body making investment in the form of domestic investment and foreign investment.
3. Domestic investor is an Indonesian citizen, Indonesian corporate body or region making investment in the territory of the Republic of Indonesia.
4. Foreign investor is a foreign citizen, foreign corporate body, and/or foreign government making investment in the territory of the Republic of Indonesia.
5. Domestic investment, hereinafter called PMDN, is the act taken by domestic investor to make investment to carry out business in the territory of the Republic of Indonesia by using domestic capital.
6. Foreign investment, hereinafter called PMA, is the act taken by foreign investor to make investment to carry out business in the territory of the Republic of Indonesia, by fully using foreign capital or establishing

joint venture with domestic investor.

7. One Stop Integrated Service in the Investment Field, hereinafter called PTSP, is the act of realizing licensing and non-licensing based on the delegation of authority from an institution or agency having licensing and non-licensing authority, in which management process starts from the filing of application to the issuance of document in one place.
8. Central PTSP at BKPM is investment-related service provided in an integrated way in a unit of process starting from the filing of application to the settlement of service product through one gate at BKPM, carried out by :
 - a. delegating authority from Ministers/Heads of Non-Ministerial Government Institutions (LPNK) to the Chief of BKPM; and
 - b. assigning officials of Ministries/LPNK or employees of state-owned companies.
9. Licensing is any form of approval to make investment issued by the Central Government, Regional Government, the Management Board of Free Trade Area and Free Port, and Administrator of Special Economic Zone, having authority according to the law and regulation.
10. Investment principle license, hereinafter called principle license, is a license that must be held to start business.
11. Investment expansion principle license, hereinafter called expansion principle license, is a principle license that must be held by company to start activities to expand its business.
12. Investment change principle license, hereinafter called, is a principle license that must be held by company to validate a change in planned or realized investment.
13. Investment company merger principle license, hereinafter called company merger principle license, is a principle license that must be held by a company resulting from merger to carry out the business field of the company resulting from merger.
14. Investment license is a principle license owned by company with certain criteria.
15. Business license is a license that must be held by company to start production/operation which produces goods or services, except otherwise stipulated by the law and regulation.
16. Expansion business license is a license that must be held by company to start production/operation which produces goods or services as a result of business expansion, except otherwise stipulated by the law and regulation.
17. Expansion license is a business license that must be held by company to start production which produces goods or services as a result of business expansion, especially for the industrial sector.

18. Changed business license is a license that must be held by company to validate a change in realized investment set earlier.
19. Company merger business license is a license that must be held by company resulting from merger to start production/operation to produce goods or services.
20. Corporate leadership is the board of directors/corporate leadership contained in the articles of association/deeds of incorporation of the company or its amendment already receiving endorsement/approval/notification from the Law and Human Rights Minister for limited liability company and according to the law and regulation for company other than limited liability company.
21. Company merger is the merger of 2 (two) companies or more into 1 (one) company that will continue all activities of the companies merged into 1 (one) company.
22. Electronic Information and Investment Licensing Service System, hereinafter abbreviated into SPIPISE, is an electronic licensing and non-licensing service system at BKPM integrated with Ministries/Non-Ministerial Government Institutions having licensing and non-licensing authority, Management Boards of KPBPB, Administrators of KEK, Provincial BPMPTSP, Regency/Municipal BPMPTSP, and PTSP agencies in the investment field.
23. Access right is the right given by the SPIPISE operator to the SPIPISE user having user identity and access code to use SPIPISE.
24. Corporate folder is a means of keeping corporate documents in digital form provided in the BKPM licensing system (SPIPISE).
25. Business expansion for investment in the industrial business field is increasing the production capacity for the same 5 (five)-digit Indonesian Standard Classification of Business Fields which is larger than 30% (thirty percent) of the capacity contained in the industrial permit.
26. Business expansion for investment other than in the industrial field is :
 - a. investment and increased production capacity undertaken either in the same location or the location which is different from the location for the realization of investment contained in the previous business permit; or
 - b. increasing the number of business fields or business activities, accompanied by an increase in investment made either in the same location or the location which is different from the realization of investment contained in the previous business permit.
27. Expansion of industrial estate, hereinafter abbreviated into estate expansion, is increasing the area of industrial estate compared to the area of land contained in the industrial estate business permit.

28. Change in provisions is a change in plan for or the realized investment approved and decided by the Government/Regional Government.
29. Central Government is the President of the Republic of Indonesia holding the authority of the Government of the Republic of Indonesia as contained in the 1945 Constitution.
30. Regional Government is governor, regent, mayor and regional apparatuses as the executing element of regional government.
31. Investment Coordinating Board, hereinafter abbreviated into BKPM, is a Non-Ministerial Government Institution which is responsible for the investment field, and is led by a chief who is seconded and responsible to the President.
32. Provincial Investment and One-Stop Integrated Service, or provincial government apparatuses undertaking investment affairs with other nomenclature according to the law and regulation, hereinafter called Provincial BPMPTSP, is an element which assists the regional head in running provincial government, with the main task of coordinating the investment field at a provincial government level.
33. Regency/Municipal Investment and One-Stop Integrated Service, or regency/municipal government apparatuses undertaking investment affairs with other nomenclature according to the law and regulation, hereinafter called Regency/Municipal BPMPTSP, is an element which assists the regional head in running regency/municipal government, with the main task of coordinating the investment field at a regency/municipal government level.
34. Free Trade Area and Free Port, hereinafter abbreviated into KPBPB, is an area within the legal territory of the Unitary State of the Republic of Indonesia which is separate from customs area so that is exempt from import duties, value added tax, sales tax on luxury goods and excise.
35. Special Economic Zone, hereinafter abbreviated into KEK, is a zone with certain borders within the legal territory of the Unitary State of the Republic of Indonesia which is designated to carry out economic functions by receiving certain facilities.
36. Report of Investment Activities, hereinafter abbreviated into LKPM, is a report of developments in the realization of investment and obstacles faced by investor, which must be conveyed periodically.
37. Indonesian Standard Classification of Business Fields, hereinafter called KBLI, is the classification of each economic activity into the classification of business fields.

CHAPTER II

PURPOSE AND AIM

Article 2

The purpose of the Guide to and Procedure of Principle License governing the procedure and requirement of filing applications for principle licenses, is to serve as a guide for officials of the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, PTSP KEK, and business agents as well as the general public.

Article 3

The aim of the Guide to and Procedure of Principle License is to:

- a. create similarity and harmony of procedure and requirement of filing applications for principle licenses to the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, and PTSP KEK, across Indonesia;
- b. provide information on certainty about the period of time to settle applications for principle licenses;
- c. achieve quick, simple, transparent and integrated services.

CHAPTER III

AUTHORITY TO ISSUE PRINCIPLE LICENSES

Part One

Issuance of Principle Licenses

Article 4

- (1) Principle licenses are issued by the Central Government, PTSP KPBPB, PTSP KEK, Provincial Governments and Regency/Municipal Governments according to their authority.
- (2) The Central Government, Provincial Governments and Regency/Municipal Governments as referred to in paragraph (1) issue principle licenses by realizing PTSP.
- (3) The realization of PTSP as referred to in paragraph (2) in :
 - a. the Central Government, is done by the Central PTSP at BKPM;
 - b. Provincial Governments, is done by Provincial BPMPTSP;
 - c. Regency/Municipal Government, is done by Regency/Municipal BPMPTSP;
 - d. Management Board of Free Trade Area and Free Port by PTSP KPBPB; and
 - e. Administrator of Special Economic Zone by PTSP KEK.

- (4) The organizers of PTSP as referred to in paragraph (3), receive the delegation of authority as follows:
- a. The Head of BKPM from the Technical Minister/Head of Non-Ministerial Government Institution (LPNK);
 - b. The Head of Provincial BPMPTSP from Governors;
 - c. The Head of Regency/Municipal BPMPTSP from Regents/Mayors;
 - d. The Head of the Management Board of KPBPB from the Technical Minister/Head of LPNK, Governors and Regents/Mayors;
 - e. The Administrator of KEK from the Technical minister/Head of LPNK, Governors and Regents/Mayors.

Part Two

Authority to Issue Principle Licenses from the Central Government

Article 5

- (1) The authority to issue principle license from the Central Government as referred to in Article 4 paragraph (3) letter a consists of :
- a. the realization of investment whose scope covers more than one province;
 - b. investment covering :
 1. investment related to unrenewable natural resources with a high risk of environmental destruction;
 2. investment in the industrial sector which receives high priority on national scale;
 3. investment related to the function to unite and connect regions or covering more than one province;
 4. investment related to the realization of national defense and security strategy;
 5. foreign investment and investors using foreign capital, hailing from the governments of other countries, based on the agreements signed by the Indonesian Government and the governments of other countries; and
 6. other investment fields serving as the Government's affairs as per the law.
- (2) The foreign investment and investors using foreign capital as referred to in paragraph (1) letter b point 5 cover:
- a. foreign investment made by the governments of other countries;
 - b. foreign investment made by foreign nationals or foreign corporate bodies;
 - c. investment using foreign capital from the governments of other countries, based on the agreements signed by the Indonesian Government and the governments of other countries.

(3) The business fields of investment as referred to in paragraph (1) letter b points 1, 2, 3, 4, and 6 are the same as those stipulated by Ministers/Heads of LPNK.

Part Three

Authority to Issue Principle Licenses from Provincial Governments

Article 6

The authority to issue principle licenses from Provincial Governments as referred to in Article 4 paragraph (3) letter b consists of :

- a. investment whose scope of activities covers more than one regency/municipality;
- b. investment in which the authority of the Central Government and Provincial Governments is delegated by the Central Government to Governors; and
- c. investment serving as the authority of Provincial Governments as per the law and regulation.

Part Four

Authority to Issue Principle Licenses from Regencies/Municipalities

Article 7

The authority to issue principle licenses from Regency/Municipal Governments as referred to in Article 4 paragraph (3) letter c consists of:

- a. investment whose scope of activities cover one regency/municipality;
- b. assigned to Regency/Municipal Governments.

Part Five

Authority to Issue Principle Licenses from KPBPB and KEK

Article 8

The authority to issue principle licenses from the Regency/Municipal Governments as referred to in Article 4 paragraph (3) letters d and e is realized based on the delegation of authority from the Central Government/Regional Governments by observing the law and regulation related to KPBPB and KEK.

CHAPTER IV

PROVISIONS ON INVESTMENT

Part One

Starting Businesses

Article 9

- (1) Starting businesses cover the following activities:
 - a. establishing new businesses, either within the framework of PMDN or PMA; or
 - b. starting business activities within the framework of a change in status into PMA, as a result of foreign capital inflows through total/partial ownership of corporate capital in legal entities; or
 - c. starting business activities within the framework of a change in status into PMDN, as a result of a change in the ownership of corporate capital which previously carried foreign capital, into full domestic capital.
- (2) To start business activities as referred to in paragraph (1), either within the framework of PMDN or PMA, must hold principle licenses.
- (3) The principle licenses as referred to in paragraph (2) cover initial licensing to start businesses in :
 - a. the agricultural sector;
 - b. the environment and forestry sector;
 - c. the maritime affairs and fisheries sector;
 - d. the energy and mineral resources sector;
 - e. the industrial sector;
 - f. the defense and security sector;
 - g. the public works and housing sector;
 - h. the trade sector;
 - i. the tourism sector;
 - j. the transportation sector;
 - k. the communication and informatics sector;
 - l. the manpower sector;
 - m. the education and cultural sector;
 - n. the health sector; and
 - o. the creative economy sector.
- (4) Companies that already hold principle licenses as licenses to start businesses still within the span of construction/preparation period are banned from carrying out production/operation before holding business licenses.

Part Two

Types and Functions of Principle Licenses

Article 10

- (1) The principle licenses as referred to in Article 9 paragraph (2) consist of:
 - a. Principle license;
 - b. Expansion principle license;
 - c. Change principle license;
 - d. Company merger principle license.
- (2) Companies that already hold principle licenses and are located in certain industrial estates can start construction work.
- (3) The principle licenses as referred to in paragraph (1) serve as a reference for licensing and non-licensing in the realization of investment both serving as the authority of the Central Government and Regional Governments.
- (4) The licensing and non-licensing in the realization of investment as referred to in paragraph (3) cover :
 - a. technical consideration of land;
 - b. location permit;
 - c. IMB;
 - d. endorsement of a plan to use expatriates (RPTKA);
 - e. environmental permit;
 - f. decision on facilities;
 - g. technical recommendation;
 - h. certificate of operation worthiness; or
 - i. operational permit.

Part Three

Business Fields and Models of Corporate Bodies

Article 11

- (1) The issuance of principle licenses shall observe the business fields declared closed and the business fields declared open with conditions as per the law and regulation.
- (2) Provisions on the business fields declared open with conditions as referred to in paragraph (1) are excepted to companies located within KEK as per the law and regulation.

Article 12

- (1) Principle licenses within the framework of PMDN can be issued to:
- a. limited liability companies (PT) whose shares are entirely held by Indonesian citizens; or
 - b. Commanditaire Vennootschap (CV), or Firm (Fa), or individual business; or
 - c. cooperatives or foundations set up by Indonesian citizens; or
 - d. state-owned companies (BUMN) or regional government-owned companies (BUMD).
- (2) Principle licenses within the framework of PMA can only be issued to legal entities in the form of PT based on the Indonesian law and located in the territory of the Republic of Indonesia, except otherwise stipulated by the law.

Part Four

Provisions on the Value of Investment and Capital

Article 13

- (1) PMA companies shall implement term and condition regarding the value of investment and capital to obtain principle licenses.
- (2) The value of investment and capital of PMDN companies to obtain principle licenses is not set.
- (3) The value of investment and capital within the framework of PMA as referred to in paragraph (1), except otherwise stipulated by the law and regulation, shall meet the following provisions:
- a. the total value of investment reaching more than Rp10,000,000,000.00 (ten billion rupiah), excluding land and buildings as referred to in Article 1 point 4 of Law No. 20/2008 on Micro Small and Medium Businesses:
 - for each sub-group of the same business based on KBLI in 1 (one) project location within 1 (one) Regency/Municipality, especially for the industrial sector;
 - for each sub-group of the same business based on KBLI within 1 (one) Regency/Municipality, outside the industrial sector;
 - b. for expansion projects for 1 (one) business field in 1 (one) group of businesses based on KBLI in the same location, the value of investment shall be less than Rp10,000,000,000.00 (ten billion rupiah), on condition accumulated investment value of all projects in the location has reached more than Rp10,000,000,000.00 (ten billion rupiah), excluding land and buildings;
 - c. for expansion of 1 (one) business field or more within 1 (one) sub-group of businesses based on KBLI, receiving no facilities or receiving facilities outside the industrial sector, in 1 (one) location within

- 1 (one) regency/municipality, the investment value shall be less than Rp10,000,000,000.00 (ten billion rupiah), on condition accumulated investment value of all business fields reaches more than Rp10,000,000,000.00 (ten billion rupiah), excluding land and buildings;
- d. the value of paid-in capital is the same as that of paid-up capital, covering at least Rp2,500,000,000.00 (two billion, five hundred million rupiah);
- e. participation in corporate capital, for each shareholder, shall reach at least Rp10,000,000.00 (ten million rupiah) and the percentage of share ownership is calculated based on the face value of shares.
- (4) PMA companies which already obtain principle licenses before this regulation takes effect, with the value of paid-up capital reaching less than Rp2,500,000,000.00 (two billion, five hundred million rupiah), which will file applications for :
- a. extended period of time to complete projects; or b. expansion principle licenses, shall adjust the participation in corporate capital to at least Rp2,500,000,000.00 (two billion five hundred million rupiah) at the time of filing the applications.
- (5) Investors are banned from making a contract and/or statement stressing the ownership of shares in limited liability company for and on behalf of other people as referred to in Article 33 of Law No. 25/2007 on Investment.

Part Five

Validity Period of Principle Licenses

Article 14

- (1) The validity period of principle licenses is the same as the period of time to complete projects set forth in the principle licenses.
- (2) The period of time to complete projects set forth in principle licenses/expansion principle licenses/company merger principle licenses can be given for 1 (one) to 5 (five) years, depending on the characteristics of business fields.
- (3) If the period of time to complete the projects of companies set forth in principle licenses has expired, the companies cannot file an application for other licensing and non-licensing.

Part Six

Other Provisions

Paragraph 1

Venture Capital Companies

Article 15

- (1) Venture capital companies (PMV) can become shareholders of investment companies by fulfilling conditions according to the law and regulation.
- (2) The capital participation by PMV as referred to in paragraph (1) whose shares are owned by domestic investment companies or contain element of foreign capital, shall be treated as national capital participation.
- (3) The capital participation by PMV is temporary and shall not exceed 10 (ten) years.
- (4) The period of time as referred to in paragraph(3) can be extended for a maximum of 5 (five) years according to the law and regulation.

Paragraph 2

Provisions on Divestment

Article 16

- (1) If divestment obligation of PMA companies has been decided in the letter of approval and/or business permit before this Regulation takes effect, the divestment obligation shall remain binding and shall be realized according to the specified period of time.
- (2) The minimum face value of share ownership to meet divestment obligation is Rp10,000,000.00 (ten million rupiah) and shall constantly refer to provisions as referred to in Article 13 paragraph (5).
- (3) The divestment of the companies' shares as referred to in paragraph (1), can be done to Indonesian citizens or Indonesian legal entities whose share capital is entirely owned by the Indonesian citizens through direct ownership according to the agreement between parties and/or the domestic capital market.
- (4) If the divestment obligation of PMA companies has become due while they have not found would-be domestic investors, they can file an application for an extended period of time to realize the divestment obligation through the Central PTSP at BKPM/PTSP KPBPB/PTSP KEK according to their authority by enclosing evidence of the effort made by the companies to realize the divestment obligation.
- (5) In regard to the application, by taking into account explanations on the effort made by the companies to realize the divestment obligation as referred to in paragraph (4), the Central PTSP at BKPM/PTSP KPBPB/PTSP KEK, according to their authority, can :
 - a. approve the extended period of time to realize divestment no later than 2 (two) years after the date of approval of the extended period of time to realize the divestment and after the extended period of time has expires it can no longer be extended; or

- b. reject the extended period of time to realize divestment and the companies shall realize the divestment obligation.
- (6) The share ownership of Indonesian participants as a result of the divestment, after receiving approval from the Law and Human Rights Minister, can be resold to Indonesian citizens/foreign citizens/Indonesian corporate bodies/foreign corporate bodies by observing the existing rules.

CHAPTER V

GUIDE TO APPLYING FOR PRINCIPLE LICENSES

Part One

Principle Licenses

Paragraph 1

General

Article 17

- (1) Applications for principle licenses can be filed before or after companies have status as Indonesian corporate bodies or legal entities as referred to in Article 12 paragraph (1).
- (2) Applications for PMA principle licenses can be filed before or after companies have status as Indonesian legal entities as referred to in Article 12 paragraph (2).

Article 18

- (1) Applications for PMDN and PMA principle licenses are filed through the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority.
- (2) Applications for PMA principle licenses as referred to in paragraph (1) before the companies have status as Indonesian legal entities are filed by :
 - a. the governments of other countries and/or foreign citizens and/or foreign corporate bodies and/or PMA companies; or
 - b. the governments of other countries and/or foreign citizens and/or foreign corporate bodies and/or PMA companies together with Indonesian citizens and/or Indonesian legal entities.
- (3) Applications for principle licenses for companies with status as Indonesian legal entities or Indonesian corporate bodies shall be filed by the corporate leadership using the format contained Attachment II which is an integral part of this Regulation.

- (4) Principle licenses cannot be issued if the applications do not meet:
- a. provisions on closed business fields and open business fields with conditions;
 - b. sectoral provisions related to business activities;
 - c. complete requirements of applications.
- (5) Principle licenses issued based on the applications as referred to in paragraph (2), shall be followed up on by making deeds of incorporation of limited liability company and approved by the Law and Human Rights Minister.

Article 19

- (1) In case of a change in the structure of companies' shareholders as referred to in Article 9 paragraph (1) letters b and c, the companies shall first receive principle licenses from the Central PTSP at BKPM, PTSP KPBPB, and PTSP KEK according to their respective authority.
- (2) The basis for the issuance of the principle licenses as referred to in paragraph (1) is put in :
- a. Circular Resolution of the Shareholders/General Meeting of Shareholders/Deed of Decision of Meeting approved by all shareholders or proxies before share sale purchase transactions are made; or
 - b. Deeds of change in shares approved by the Law and Human Rights Minister, by constantly observing Presidential Regulation on List of Closed Business Fields and Open Business Fields with Conditions.
- (3) If companies have obtained PMDN principle licenses after the capital of the companies is entirely owned by domestic investors, applications for licensing and revision shall be filed to PTSP according to its authority.

Article 20

to be continued

(S)

GUIDE TO AND PROCEDURE OF INVESTMENT PRINCIPLE LICENSE

**(Regulation of the Chief of the Investment Coordinating
Board No. 14/2015 dated September 29, 2015)
[Continued from Business News No. 8837 page 29-48]**

Article 20

- (1) PMA and PMDN principle licenses are issued no later than 3 (three) working days after the applications are received in a complete and correct way.
- (2) The model of PMDN principle license is contained in Attachment III which is an integral part of this Regulation.
- (3) The model of PMA principle license is contained in Attachment IV which is an integral part of this Regulation.
- (4) If the applications as referred to in paragraph (1) are rejected, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue a letter rejecting the applications for principle licenses no later than 3 (three) working days after the applications have been received by mentioning the reasons for the rejection.
- (5) The model of the letter of rejection as referred to in paragraph (4) license is contained in Attach-

ment V which is an integral part of this Regulation.

Paragraph Two

Change in the Location of PMDN Projects

Article 21

- (1) PMDN companies engaged in the business fields serving as the authority of provincial governments or regency/municipal governments can change the location of the projects to different regency/municipality.
- (2) In case of a change in the location of projects as referred to in paragraph (1), companies shall hold principle licenses as licenses to start businesses in the new location.
- (3) Applications for principle licenses as referred to in paragraph (2) are filed by the board of directors/corporate leadership to the PTSP organizing agency in the new location by enclosing a written statement cancelling investment activities in the previous location with a copy addressed to the PTSP organizing agency in the previous location.

- (4) Based on the written statement of cancellation as referred to in paragraph (3), the Provincial BPMPTSP or Regency/Municipal BPMPTSP in the old location according to its authority shall issue a decision cancelling investment principle licenses.
- (5) The applications for principle licenses as referred to in paragraph (3) use the format as contained in Attachment II which is an integral part of this Regulation, and the model of principle license is the same as that contained in Attachment III which is an integral part of this Regulation.

Part Two

Expansion Principle Licenses

Article 22

- (1) PMDN and PMA companies can expand businesses according to Article 1 points 25, 26, and 27 in the business fields according to the law and regulation by holding expansion principle licenses.
- (2) If companies engaged in the industrial field plan to expand businesses they shall hold expansion principle licenses after they previously held industrial business licenses/expansion licenses for the previous business fields.
- (3) The obligation to hold the industrial business licenses/expansion licenses for the previous business fields as referred to in paragraph (2) has not been made compulsory in filing applications for expansion principle licenses if :
 - a. the previous activities have been realized through the purchase of main machines valued at a minimum of 25% (twenty five percent) of the total value of investment in machines contained in the principle licenses and evidenced with the official audit report from the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK according to their authority; and
 - b. schedule of production readiness of the previous projects is different from that of expansion projects.
- (4) The official audit report as referred to in paragraph (3) letter a is further set forth in the Regulation of the BKPM Chief.
- (5) Companies that are engaged in business fields other than the industrial sector and plan to expand businesses shall hold expansion principle licenses:
 - a. after holding business licenses/expansion business licenses for the previous business fields if the expansion is done to the same business fields and conducted in the same location as the previous business fields; or

- b. without having to hold prior business licenses/expansion business licenses for the previous business fields if the business expansion is different from the previous business fields and is conducted in different location.
- (6) If applications for expansion principle licenses are approved, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSPKPBPB, or PTSP KEK, according to their respective authority, shall issue expansion principle licenses.
- (7) Expansion principle licenses are issued no later than 3 (three) working days after the applications have been received in a complete and correct way.
- (8) The model of PMDN expansion principle license is contained in Attachment VI which is an integral part of this Regulation.
- (9) The model of PMA expansion principle license is contained in Attachment VII which is an integral part of this Regulation.
- (10) If the applications as referred to in paragraph (1) are rejected, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue a letter rejecting the applications for expansion principle licenses no later than 3 (three) working days after the applications have been received by mentioning the reasons for the rejection.
- (11) The model of the letter of rejection as referred to in paragraph (10) is contained in Attachment V which is an integral part of this Regulation.

Part Three

Investment Change Principle Licenses

Paragraph 1

General

Article 23

- (1) PMA or PMDN companies can change the plan and/or realization of investment approved and decided by the Government in the principle licenses/expansion principle licenses/company merger principle licenses/business licenses/expansion business licenses/company merger business licenses.
- (2) A change in investment plan contained in the principle licenses/expansion principle licenses/merger principle licenses cover changes in :
 - a. company name;
 - b. company address;

- c. NPWP;
 - d. project location;
 - e. term of business field;
 - f. production type and capacity;
 - g. marketing and estimate of export value per annum;
 - h. investment plan;
 - i. company capital;
 - j. financing sources;
 - k. participation in company capital;
 - l. area of land;
 - m. Indonesian labor;
 - n. planned period of time to complete projects.
- (3) Given the change as referred to in paragraph (2), the companies shall hold change principle licenses.
- (4) The change in business license as referred to in paragraph (1) related to a change in project location, production type and capacity can be given change principle licenses provided it has not met the requirements of change business license.
- (5) Especially for PMDN companies, the change as referred to in paragraph (2) letter d and paragraph (4) is given especially for a change in project location in 1 (one) regency/municipality.
- (6) The change as referred to in paragraphs (4) and (5) shall be followed up on with change business licenses with a period of 1 (one) year.
- (7) The change principle licenses as referred to in paragraph (3) can function as adjustment if the licenses issued do not accord with the applications filed by companies, if the mistake is made by the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority.

Paragraph 2

Change in Planned Period of Time for the Completion of Projects

Article 24

- (1) If the period of time for the completion of projects in the principle licenses/expansion principle licenses/ company merger principle licenses has ended, companies can be given extended time to complete the

projects to maximally the same as that of the previous principle licenses.

- (2) Applications for extended time for the completion of projects as referred to in paragraph (1) shall be filed no later than 30 (thirty) working days before the period of time for the completion of the projects set forth in the principle licenses has ended.
- (3) If the applications for extended time for the completion of projects as referred to in paragraph (1) are filed after the period of time for the completion of projects has ended, the applications cannot be processed.
- (4) If the companies as referred to in paragraph (3) continue to carry out business activities, they shall apply for new principle licenses by observing the law and regulation at the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, and PTSP KEK, according to their respective authority.
- (5) If companies have obtained extended time for the completion of projects as referred to in paragraph (1) but have not completed their projects as a whole, they shall file applications for extended time for the completion of projects no later than 30 (thirty) working days before the previously specified time for the completion of projects has ended and that field inspection will be conducted and an official report of project inspection will be made.
- (6) Based on the results of the field inspection as referred to in paragraph (5), the companies :
 - a. can be given extended time for the completion of projects to maximally the same as that of the previous principle licenses;
 - b. can be given substitute principle licenses based on the law and regulation and can be given time for the completion of projects based on provisions in Article 14; or
 - c. can have their principle licenses revoked/cancelled based on the law and regulation.
- (7) With the issuance of the substitute principle licenses as referred to in paragraph (6) letter b, the principle licenses whose period of time for the completion of their projects has ended shall be declared cancelled/revoked and will no longer be valid.
- (8) If the period of time for the completion of projects as referred to in paragraph (6) letter b has ended and the companies have not completed the projects as a whole, the substitute principle licenses shall be revoked based on the law and regulation.

Paragraph 3

Change in Participation in Corporate Capital

Article 25

- (1) PMA or PMDN companies which change corporate capital covering a change in :
 - a. the amount of capital and percentage of share ownership
 - b. name of shareholders; and/or
 - c. country of origin of shareholders, shall file applications for change principle licenses.
- (2) A change in corporate capital leading to a decline in the nominal value of corporate capital shall secure a prior approval from the Law and Human Rights Minister.
- (3) If a change in corporate capital for PMDN companies listing their shares at the Capital Market involves foreign investment listed in the deeds of the companies, the status of the companies shall change into PMA companies.
- (4) Applications for change principle licenses are filed using the format contained in Attachment VIII which is an integral part of this Regulation as referred to in paragraphs (1), (2), and (3) to the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority.

Article 26

- (1) If the applications for change principle licenses as referred to in Article 25 paragraph (4) are approved, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue change principle licenses.
- (2) Change principle licenses are issued no later than 5 (five) working days after the applications have been received in a complete and correct way.
- (3) The model of PMDN change principle license is contained in Attachment IX which is an integral part of this Regulation.
- (4) The model of PMA change principle license is contained in Attachment X which is an integral part of this Regulation.
- (5) If the applications as referred to in paragraph (1) are rejected, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue a letter rejecting the applications for change principle licenses no later than 5 (five) working days after the applications have been received by mentioning reasons for the rejection.

- (6) The model of letter of rejection as referred to in paragraph (5) is contained in Attachment XI which is an integral part of this Regulation.

Part Four

Company Merger Principle License

Article 27

- (1) The merger of companies can be done by 2 (two) companies or more by obtaining a company merger principle license.
- (2) Each of the companies that will merge into one company can hold more than 1 (one) principle license/letter of approval and has held a business permit for part or whole of the principle license/letter of approval.
- (3) If merging company still holds a principle license/expansion principle license but does not hold a business permit, the surviving company can apply for a principle license/expansion principle license for the project.
- (4) If the surviving company still holds a principle license/expansion principle license but does not hold a business permit, it can directly be contained in the company merger principle license.
- (5) The companies that will merge into a company shall abide by the law and regulation related to limited liability company, ban on monopolistic practice and unsound business competition.
- (6) The surviving company shall implement all provisions according to the business field as a result of the merger of companies as contained in the letter of approval/principle license/business permit already specified.
- (7) Applications for company merger principle licenses as referred to in paragraph (1) are filed using the format as contained in Attachment XII which is an integral part of this Regulation, in the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority.
- (8) If applications for company merger principle licenses as referred to in paragraph (7) are approved, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue company merger principle licenses.
- (9) If the applications as referred to in paragraph (7) are approved, company merger principle licenses shall be issued, with copy addressed to the Chairman of Business Competition Supervisory Commission (KPPU).
- (10) Company merger principle licenses are issued no later than 7 (seven) working days after the applications have been received in a complete and correct way.

- (11) The model of PMDN company merger principle license is contained in Attachment XIII which is an integral part of this Regulation.
- (12) The model of PMA company merger principle license is contained in Attachment XIV which is an integral part of this Regulation. .
- (13) If the applications as referred to in paragraph (7) are rejected, the Central PTSP at BKPM, Provincial BPMPTSP, Regency /Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their respective authority, shall issue a letter rejecting applications for company merger principle licenses no later than 7 (seven) working days.
- (14) The model of the letter of rejection as referred to in paragraph (13) is contained in Attachment XV which is an integral part of this Regulation.

Part Five

Issuance of Industrial Sector and Non-Industrial Sector

Principle Licenses

Article 28

Applications for principle licenses/expansion principle licenses/merger principle licenses within the framework of foreign investment or domestic investment :

- a. which carry out activities in more than 1 (one) business field, with one of them being industrial business, their principle licenses will be issued separately, except if the rule stipulates that the business field in question must be integrated according to the law and regulation.
- b. which carry out activities in the non-industrial sector :
 1. more than 1 (one) business field which does not receive investment facility, can be filed in 1 (one) application.
 2. more than 1 (one) business field with different validity period of principle license, the application is filed for each business field.
 3. more than 1 (one) business field with 5 digit KBLI which makes it possible to obtain investment facility, the application is filed for each business field.

Part Six

Provisions in Principle License

Article 29

(1) Principle license/investment license/expansion license/merger license/change license consist of all or part of the following components:

a. Data of project:

1. Name of company;
2. Taxpayer Code Number (NPWP);
3. Domicile of company; and
4. Location of project.
5. Recommendation/operational license;
6. Business field;
7. Production and marketing per year;
8. Marketing and export value;
9. Investment value:
 - a) fixed capital;
 - b) working capital;
 - c) provisions on investment value shall refer to provisions in this regulation; and
 - d) value of machine investment in the US dollar.
10. Area of land;
11. Labor;
12. Financing source; covering :
 - a) own capital;
 - b) retained profit; and
 - c) loans.
13. Decision of shareholders.
14. Corporate capital consisting of :
 - a) authorized capital;
 - b) paid-in capital;
 - c) paid-up capital;
 - d) dollar's exchange rate is specially contained for the establishment of new business; and

e) calculation of percentage of share ownership.

b. Period of time for the Completion of Projects

1. giving the period of time for the completion of project; and
2. obligation of business permit.

c. Investment facility;

d. Others.

(2) Explanation of paragraph (1) is contained in Attachment III, Attachment IV, and Attachment XXI.

Part Seven

Investment License

Article 30

(1) To expedite the realization of investment, certain projects :

- a. with an investment value of at least Rp100,000,000,000.00 (one hundred billion rupiah); and/or
- b. employing at least 1,000 (one thousand) Indonesian workers, are given the accelerated issuance of principle license called investment license as referred to in Article 1 point 14.

(2) The investment license as referred to in paragraph (1) can be used to start construction if the project is located in a certain industrial estate.

(3) The certain industrial estate as referred to in paragraph (2) and Article 10 paragraph (2) is decided by the BKPM Chief.

(4) The activities to start construction as referred to in paragraph (2) can be directly carried out without prior permits, such as :

- a. building construction permit (IMB); and
- b. environmental permit.

(5) The permits as referred to in paragraph (4) are procured together with the realization of construction.

(6) Application for and requirements of investment license as referred to in paragraph (1) use the format as contained in Attachment II which is an integral part of this Regulation, and the model of investment license issued is contained in Attachment XXI which is an integral part of this Regulation.

(7) The investment license as referred to in paragraph (6) is issued no later than 3 (three) working hours after the Central PTSP at BKPM has received the application in a complete and correct way.

(8) The application as referred to in paragraph (7) is filed directly by all would-be shareholders to the Central PTSP at BKPM.

- (9) If any of would-be shareholders is not present, he/she can be represented by one of would-be shareholders by enclosing an original of power of attorney from the would-be shareholder who is not present. .
- (10) The investment license as referred to in paragraph (7) is signed by the Director in charge of handling investment application services or the official appointed by the BKPM Deputy Chief for Investment Services.
- (11) If the application as referred to in paragraph (6) is rejected, the Central PTSP at BKPM shall issue a letter rejecting application for investment license no later than 3 (three) working hours after the application has been received by mentioning reasons for the rejection.
- (12) The model of letter of rejection as referred to in paragraph (11) is contained in Attachment V which is an integral part of this Regulation.

CHAPTER VI

PROCEDURE OF APPLYING FOR PRINCIPLE LICENSE

Part One

Procedure of Filing and Processing Application

Paragraph 1

General

Article 31

- (1) Investors can file applications for principle licenses to the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, and PTSP KEK, according to their respective authority, as referred to in Articles 5, 6, 7 and 8, online through SPIPSE or manually.
- (2) The filing of online applications as referred to in paragraph (1) applies to :
- a) PMDN and PMA which become the authority of the Central Government at the Central PTSP at BKPM;
 - b) Investment which becomes the authority of Provincial Governments, Regency/Municipal Governments, Management Boards of KPBPB, and Administrators of KEK at Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB and PTSP KEK, which have applied principle licensing system online.
- (3) The filing of manual applications for principle licenses as referred to in paragraph (1) applies to Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, and PTSP KEK, which have not used SPIPSE.
- (4) Applications for principle licenses within the framework of PMDN with total investment value starting from Rp500,000,000.00 (five hundred million rupiah) shall be processed using SPIPSE.
- (5) Applications for principle licenses within the framework of PMDN as referred to in paragraph (1) with a total investment value of less than Rp500,000,000.00 (five hundred million rupiah) can be processed using SPIPSE.

- (6) The applications for principle licenses as referred to in paragraphs (4) and (5) can be processed manually for Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, PTSP KEK, which have not used SPIPISE.
- (7) Applications for principle licenses within the framework of PMA are processed online at the Central PTSP at BKPM, PTSP KPBPB, PTSP KEK.
- (8) To file applications for principle licenses online, investors shall first have access right and complete company folder.
- (9) Investors filing applications for principle licenses online and manually can file the applications in a parallel way for various licenses, provided the obligations in the previous licenses have been met.
- (10) Companies that already have company folder can upload extra data to complete the original document according to the type of application filed.

Paragraph 2

Access Right

Article 32

- (1) Access right is confidential and inherent as long as the company still exists so that it must keep the confidentiality by appointing a confidant.
- (2) The access right as referred to in paragraph (1) can be obtained by registering an account through investor service online through website: onlinespipise.bkpm.go.id.
- (3) Other provisions on access right are to be provided for in Regulation of the BKPM Chief concerning SPIPISE.

Paragraph 3

Company Folder

Article 33

- (1) Company folder as referred to in Article 1 point 24 is found in the menu Online SPIPISE Perusahaan.
- (2) Companies whose investment becomes the authority of the Central PTSP at BKPM shall upload all company entity documents to the company folder found in the menu Online SPIPISE Perusahaan.
- (3) All the entity documents as referred to in paragraph (2) cover:
 - a) Deeds of incorporation along with approval from the Law and Human Rights Minister;
 - b) Taxpayer Code Number (NPWP) of company;
 - c) Letter of domicile of company which is still valid;

- d) Company Registration Card (TDP) which is still valid;
- e) Identities of shareholders, in the form of :
 - 1. government of other country, by enclosing a letter from the government agency in the concerned country or a letter issued by the embassy/representative office of the concerned country in Indonesia;
 - 2. foreign individual, by enclosing a copy of valid passport which carries the full name and signature of the owner;
 - 3. foreign corporate body, by enclosing a copy of article of association/incorporation in English or its translation to Bahasa Indonesia by a sworn translator and complete with the document of the current board of directors;
 - 4. for Indonesian participants:
 - a. Indonesian individuals, by enclosing a copy of KTP and a copy of NPWP (exception may be given Indonesian individuals domiciled abroad, but they remain obliged to enclose passport and/or permanent residence validated by the local Indonesian embassy); and/or
 - b. Indonesian legal entities, by enclosing a copy of deed of incorporation and its revision, along with endorsed articles of association and approval/notification from the Law and Human Rights Minister, a copy of corporate NPWP as well as a copy of license held by the company.
- f) Letter of approval/registration of investment/principle license and business permit and its revision held by the company and issued by BKPM;
- g) Operational license held by the company and issued by the technical ministry and/or regional government;
- h) Recommendations from the ministry;
- i) Legality of company position and project location (sale purchase deed/building use certificate/rent agreement/borrow and use agreement);
- j) Nuisance act (HO);
- k) Location permit/location designation permit;
- l) Environmental permit;
- m) Environmental documents (written statement of environmental management (SPPL), environmental management effort (UKL)/environmental monitoring effort (UPL)/analysis on environmental impact (AMDAL)/environmental impact analysis (ANDAL) and their recommendations;

- n) Import document (customs identity number (NIK), import notification (PIB), importer identification number (API));
- o) LKPM and receipt;
- p) others considered necessary.

Part Two

Certain Service Sector Principle License

Paragraph 1

Guide to Certain Service Sector Principle License

Article 34

- (1) In case of applications for principle licenses/expansion principle licenses/change principle licenses/company merger principle licenses within the framework of PMA for business fields in certain service sectors as contained in Attachment 1 which is an integral part of this Regulation, presentation shall be made before the applications are declared accepted.
- (2) Business fields in certain service sectors as referred to in paragraph (1) shall disclose materials and presentation expose with the following details:
 - a. Description of business activities, including work plan, compatibility with the law and regulation, Indonesian standard classification of business fields (KBLI) and list of closed business fields and open business fields with conditions;
 - b. Service products, including added value, uniqueness, compatibility with the expertise of the company's skilled workers, compatibility with the law and regulation;
 - c. Human resources, including competency, experience, background of the company's skilled workers and transfer of knowledge to domestic human resources;
 - d. Business opportunities, including strategy to achieve capacity and profit;
 - e. Targeted clients, including the commitment owned or needed by targeted clients; and
 - f. Investment value, including the company's financial capacity.

Paragraph 2

Mechanism of Realizing Presentation

Article 35

The mechanism of realizing presentation to apply for a license within the framework of PMA as

referred to in Article 34 is as follows:

- a. Application is filed online through SPIISE, along with required documents of skilled workers (if any) to be employed by enclosing CV, diploma competence certificate validated by the Indonesian Embassy/Consulate General of the Republic of Indonesia (KJRI)/Indonesia Investment Promotion Center (IIPC) in the concerned country.
- b. Invitation to presentation will be extended by online verification officer to the applicant if all requirements have been declared complete.
- c. The applicant shall convey materials of presentation in softcopy powerpoint no later than 1 (one) day before the presentation the e-mail address: dit_aplikasi@bkpm.go.id.
- d. Presentation must be done by one of would-be shareholders/member of the board of directors of the company and can be accompanied by a consultant or interpreter.
- e. Presentation will be conducted at the office of BKPM/KEK/KPBPB on the specified date with presentation groups in IT and non IT fields.
- f. Would-be investor/applicant conducts presentation before the assessing team consisting of officials from BKPM/ KEK/KPBPB, experts from academic/association and relevant technical ministry/agency.
- g. If presentation is only attended by the assessing team from representative of BKPM/KEK/KPBPB, the presentation cannot be conducted.
- h. The result of presentation will be conveyed to the applicant's email.
- i. Especially for applications in the service sector field processed at PTSP KEK/PTSP KPBPB the application and materials of presentation are conveyed manually and presentation schedule will be conveyed by front office officer of KEK/KPBPB.

Part Three

Notification of Application

Article 36

- (1) If application which has been verified still lacks data, notification will be automatically sent through the applicant's email and record of detailed verification result can be seen from online application system.
- (2) If application is declared complete and correct, notification will be sent automatically to the applicant's email and the applicant can print out a receipt from the online application system.

Part Four

Requirements of Foreign Investment License

Paragraph 1

Requirements of PMA Principle License

Article 37

- (1) If company which has not been Indonesian legal entity applies for PMA principle license, it shall upload the following data:
- a. document of identities of shareholders in the company folder as referred to in Article 33 paragraph (3) letter e;
 - b. explanations on business plan:
 1. for industry, it comes in the form of flow chart of production complete with explanations on detailed description of production process by mentioning the type of raw materials until it becomes end product;
 2. for the service sector, it comes in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products; and
 - c. the original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, provisions on power of attorney and documents of recipient of power of attorney are provided in this Regulation.
- (2) If company which has been Indonesian legal entity files an application for PMA principle license, it shall upload the following data:
- a. completing document of company entities in the company's folder;
 - b. document of identity of new shareholders in case of change in share ownership, Provisions on the identity of shareholders is referred to in Article 33 paragraph (3) letter e;
 - c. explanations on business plan:
 1. for industry, it comes in the form of flow chart of production complete with explanations on detailed description of production process by mentioning the type of raw materials until it becomes end product;
 2. for the service sector, it comes in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products; and
 - d. Circular Resolution of the Shareholders/Shareholders General Meeting/deed of statement of the meeting's decision signed by all shareholders and registered by notarial public in case of change in shares

leading to a change in the status of company into shareholders, at least the following agreements shall be reached

1. a change in the status of company into foreign investment;
 2. composition of shareholders after a change in transfer and firmly state (face value of shares rather than share sheets); and
 3. business field carried out after a change in company status; and
- e. The original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation.

Paragraph 2

Requirements of PMA Expansion Principle License

Article 38

Application for PMA expansion principle license shall meet the following requirements:

- a. document of corporate entity in the company folder;
- b. in case of a change in participation in corporate capital, the following documents shall be enclosed:
 1. Circular Resolution of the Shareholders/General Meeting of Shareholders/deed of the meeting's decision signed by all shareholders and registered by notarial public and firmly contains face value of shares (rather than the number of share sheets);
 2. A written statement from notarial public (covernote) stating that RUPS/Circular Decision is in the process of making deed if Resolution of the Shareholders/General Meeting of Shareholders exceeding 30 (thirty) days after the last date of signing;
 3. A written statement from notarial public (covernote) stating that the deed of statement of the meeting's decision is in the process of endorsing at the Law and Human Rights Ministry if the deed has exceeded 30 (thirty) days after the date of making the deed;
 4. Identity of new shareholder as referred to in Article 33 paragraph (3) letter e;
- c. explanation on business plan:
 1. for industry, in the form of flow chart of production, accompanied by detailed explanations on production process by mentioning the type of raw materials until end products;
 2. for the service sector, in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products;

- d. Recapitulation of data of all projects/activities of the company;
- e. The result of spot audit, in case of the matter as referred to in Article 22 paragraph (4) letter a;
- f. Balance sheet for company using financing source from reinvested profit; and
- g. The original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation.

Paragraph 3

Requirements of PMA Change Principle License

Article 39

Application for PMA change principle license shall meet the following requirements:

- a. document of corporate entity in the company folder;
- b. in case of a change in participation in corporate capital, the following documents shall be enclosed:
 - 1. Circular Resolution of the Shareholders/General Meeting of Shareholders/deed of the meeting's decision signed by all shareholders and registered by notarial public and firmly contains face value of shares (rather than the number of share sheets);
 - 2. A written statement from notarial public (covernote) stating that RUPS/Circular Decision is in the process of making deed if Resolution of the Shareholders/General Meeting of Shareholders exceeding 30 (thirty) days after the last date of signing;
 - 3. A written statement from notarial public (covernote) stating that the deed of statement of the meeting's decision is in the process of endorsing at the Law and Human Rights Ministry if the deed has exceeded 30 (thirty) days after the date of making the deed;
 - 4. Identity of new shareholder as referred to in Article 33 paragraph (3) letter e;
- c. in case of a change in business field/type of production/service, explanations on business plan:
 - 1. for industry, in the form of flow chart of production, accompanied by detailed explanations on production process by mentioning the type of raw materials until end products;
 - 2. for the service sector, in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products.
- d. in case of a change in planned period of time to complete projects:
 - 1. Progress of activities carried out by the company;

2. Detailed reasons for application for a period of time to complete projects;
 3. Time table/business plan to be carried out by the company related to the estimate of period of time applied for;
 4. The result of spot audit put in the Official Report of Audit, if the company files a second application for extended period of time for the completion of projects.
- e. in case of other changes, covering:
1. Name of company, by enclosing deed of amendment or decision of RUPS and evidence of order for name from the law and Human Rights Ministry;
 2. NPWP by enclosing new NPWP;
 3. Office address, by enclosing :
 - a) Statement of Company Domicile; and/or
 - b) rent agreement (still valid).
- f. location of projects:
1. mentioning reasons for a change in location;
 2. a written statement of land appropriation from the relevant agency for industrial company which has Indonesian legal entity.
- g. investment plan, by mentioning reasons for a change in investment plan;
- h. name of shareholders, be enclosing certificate change of name or the like or deed change of name and decision of the Law and Human Rights Minister and other documents of change in name from shareholder whose name changes;
- i. financing sources:
1. by mentioning reasons for a change in financing sources; and
 2. Balance sheet if financing source comes from reinvested profit;
- j. area of land, by mentioning reasons for change in detailed plan for the use of land;
- k. Indonesian labor, by mentioning reasons for a change in the use of Indonesian workers;
- l. The original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation;
- m. where the application for adjustment as referred to in Article 23 paragraph (7) is concerned, the company just encloses principle license/expansion principle license/company merger principle license/change principle license for which adjustment is applied.

Paragraph 4

Requirements of PMA Merger Principle License

Article 40

Application for foreign company merger principle license shall meet the following requirements:

- a. for each of merging companies, shall upload:
 1. company folder;
 2. merger contract contained in Circular Resolution of the Shareholders/general meeting of shareholders/deed of decision of meeting;
 3. a written statement from notarial public (covernote) stating that RUPS/Circular Decision is in the process of making deed if Resolution of the Shareholders/General Meeting of Shareholders exceeding 30 (thirty) days after the last date of signing;
 4. A written statement from notarial public (covernote) stating that the deed of statement of the meeting's decision is in the process of endorsing at the Law and Human Rights Ministry if the deed has exceeded 30 (thirty) days after the date of making the deed.
- b. merger contract/merger plan signed by all parties (surviving company and merging company);
- c. recapitulation of project data before and after the merger according to the attachment to application for company merger principle license;
- d. the original power of attorney from the board of directors of surviving company if the application is not filed directly by the applicant and documents of the recipient of power of attorney, provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation

Part Five

Requirements of Application for Domestic Investment License

Paragraph 1

Requirements of PMDN Principle License

Article 41

- (1) Application for PMDN principle license for applicant that has not been in the form of Indonesian legal entity shall meet the following requirements:
 - a) Identity of shareholder, if shareholder is :
 1. Indonesian individual, enclosing a copy of KTP and a copy of NPWP (except Indonesian individual domiciled abroad, who is still required to enclose passport and/or permanent residence validated

by the local Indonesian Embassy (KBRI); and/or

2. Indonesian legal entity, enclosing a copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification from the Law and Human Rights Minister, a copy of corporate NPWP and a copy of license held by the company.
 - b) Application form according to Attachment II which is an integral part of this Regulation, which has been signed and provisions on the signing of application is to be set forth in this Regulation;
- (2) Application for PMDN principle license for applicant that has Indonesian legal entity in the form of limited liability company, enclosing the following documents:
- a) A copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification of revision, if any, from the Law and Human Rights Minister and a copy of corporate NPWP;
 - b) Identity of shareholder, if shareholder is :
 1. Indonesian individual, enclosing a copy of KTP and a copy of NPWP (except Indonesian individual domiciled abroad, who is still required to enclose passport and/or permanent residence validated by the local Indonesian Embassy (KBRI); and/or
 2. Indonesian legal entity, enclosing a copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification from the Law and Human Rights Minister, a copy of corporate NPWP and a copy of license held by the company.
- (3) information on business plan:
- a) for industry, in the form of flow chart of production, accompanied by detailed explanations on production process by mentioning the type of raw materials until end products;
 - b) for the service sector, in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products;
- (4) recommendations from the nurturing ministry/institution, if required according to provisions on business field.
- (5) The original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, and provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation.

Paragraph 2

PMDN Expansion Principle License

Article 42

Application for expansion principle license shall meet the following requirements:

- a. Application form according to Attachment III which is an integral part of this Regulation, which has been signed and provisions on the signing of application is to be set forth in this Regulation;
- b. A copy of principle license/expansion principle license/business license and its revision, if any;
- c. A copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification of revision, if any, from the Law and Human Rights Minister and a copy of corporate NPW ;
- d. information on business plan:
 1. for industry, in the form of flow chart of production, accompanied by detailed explanations on production process by mentioning the type of raw materials;
 2. for the service sector, in the form of description of activities to be carried out, details of investment (if needed), and explanations on service products;
- e. in case of a change in participation in corporate capital, the following documents shall be enclosed:
 1. Circular Resolution of the Shareholders/General Meeting of Shareholders/deed of the meeting's decision signed by all shareholders and registered by notarial public and firmly contains face value of shares (rather than the number of share sheets);
 2. A written statement from notarial public (covernote) stating that RUPS/Circular Decision is in the process of making deed if Resolution of the Shareholders/General Meeting of Shareholders exceeding 30 (thirty) days after the last date of signing;
 3. A written statement from notarial public (covernote) stating that the deed of statement of the meeting's decision is in the process of endorsing at the Law and Human Rights Ministry if the deed has exceeded 30 (thirty) days after the date of making the deed;
 4. Identity of new shareholder, if the shareholder is ;
 - a) Indonesian individual, enclosing a copy of KTP and a copy of NPWP (except Indonesian individual domiciled abroad, who is still required to enclose passport and/or permanent residence validated by the local Indonesian Embassy (KBRI);
 - b). Indonesian legal entity, enclosing a copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification from the Law and Human Rights Minister, a copy of corporate NPWP.

Article 44

Application for PMDN company merger principle license shall meet the following requirements:

- a. Application form according to Attachment XII which is an integral part of this Regulation, which has been signed and provisions on the signing of application is to be set forth in this Regulation;
- a. for each of merging companies,
 1. a copy of principle license and/or business license and/or its revision;
 2. A copy of deed of incorporation and its revision, along with the endorsement of articles of association and approval/notification of revision, if any, from the Law and Human Rights Minister and a copy of corporate NPWP
 3. merger contract contained in Circular Resolution of the Shareholders/general meeting of shareholders/deed of decision of meeting;
 4. a written statement from notarial public (covernote) stating that RUPS/Circular Decision is in the process of making deed if Resolution of the Shareholders/General Meeting of Shareholders exceeding 30 (thirty) days after the last date of signing;
 5. A written statement from notarial public (covernote) stating that the deed of statement of the meeting's decision is in the process of endorsing at the Law and Human Rights Ministry if the deed has exceeded 30 (thirty) days after the date of making the deed.
 6. a receipt of conveying LKPM from the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMTPSP, PTSP KPBPB, or PTSP KEK, and LKPM of the last period.
- c. merger agreement (merger plan) approved by all parties (merging company and surviving company);
- d. recapitulation of data of projects before and after the merger according to attachment to the application form for merger principle license;
- e. The original power of attorney if the application is not filed directly by the applicant and documents of the recipient of power of attorney, and provisions on power of attorney and documents of recipient of power of attorney are provided for in this Regulation.

Part Six

Mechanism of Filing Application

Paragraph 1

Signing of Manual Application

Article 45

- (1) Manual application for a company that has not been Indonesian legal entity is signed above duty stamp by all would-be shareholders or their proxies;
- (2) Manual application for a company that has been Indonesian legal entity is signed above duty stamp by the board of directors/company leadership and company stamp as applicant
- (3) The application that is not directly signed by the applicant as referred to in paragraph (1) shall be accompanied by an original power of attorney with sufficient duty stamp as provided for in this Regulation.

Paragraph 2

Mechanism of Filing Application Which Becomes the Authority of the Government

Article 46

- (1) Application for principle license/expansion principle license/ change principle license/PMA and PMDN company merger principle license that becomes the authority of the Central PSTP at BKPM shall be filed through SPIPISE online service through the website: onlinespipise@bkpm.go.id.
- (2) Investor that files application online as referred to in paragraph (1) shall use all original documents in the company folder to complete requirements according to the type of application filed.
- (3) Investor that has uploaded the original documents as referred to in paragraph (2) does not need show the original documents at the time of collecting license.
- (4) Applicant that files application online can file application in a parallel way for various licenses if the obligations contained in the previous license have been met.

Paragraph 3

Mechanism of Filing Application Which Becomes the Authority of

Regional Governments

Article 47

- (1) If Provincial BPMPTSP or Regency/Municipal BPMPTSP has applied online licensing system, application for principle license/expansion principle license/change principle license/PMDN company merger principle license shall be filed through SPIPISE online service through the website: onlinespipise@bkpm.go.id.
- (2) If Provincial BPMPTSP or Regency/Municipal BPMPTSP has not applied online licensing system, application

for principle license/expansion principle license/change principle license/PMDN company merger principle license that becomes the authority of Provincial BPMPTSP or Regency/Municipal.BPMPTSP shall be filed manually.

- (3) Investor that files application manually as referred to in paragraph (2) shall show original documents to the Front Office officer, except to procure principle license for a company that has not been legal entity.
- (4) The original documents for company that has been legal entity as referred to in paragraph (2) are all documents required to procure investment license.
- (5) Investor can file application in a parallel way for various licenses if the obligations contained in the previous license have been met just by conveying one dossier of requirement to file application manually (hard copy).
- (6) PTSP in the investment field that has been connected to SPIPISE, is required to use SPIPISE in issuing licenses.

Paragraph 4

Mechanism of Filing Application Which Becomes the Authority of KEK/KPBPB

Article 48

- (1) Application for principle license/expansion principle license/change principle license/PMA and PMA and PMDN company merger principle license in the business fields which become the authority of the government and have been delegated to KEK/KPBPB shall be filed manually.
- (2) The mechanism of filing application for principle license/expansion principle license/change principle license/merger principle license manually for the licenses that become the authority of KEK and KPBPB shall refer to provisions in Article 47 paragraphs (3), (4), and (5).
- (3) Requirements of application for principle license/expansion principle license/change principle license/PMA company merger principle license shall refer to the requirements of licenses that become the authority of the Government.

CHAPTER VII

to be continued

(S)

GUIDE TO AND PROCEDURE OF INVESTMENT PRINCIPLE LICENSE

**(Regulation of the Chief of the Investment Coordinating
Board No. 14/2015 dated September 29, 2015)
[Continued from Business News No. 8838-8839
page 22-48]**

CHAPTER VII

OTHER PROVISIONS

Part One

Rejection and Signing

Paragraph 1

Letter of Rejection

Article 49

- (1) Applications for licenses which do not meet provisions in the law and regulation cannot be further processed and will be rejected.
- (2) Letters of rejection are issued to the applications as referred to in paragraph (1).
- (3) The models of letter of rejection are contained in Attachments V, VI, and XV which are an integral part of this Regulation.

Paragraph 2

The Signing of Principle License

Article 50

The principle licenses issued as referred to in Article 4 paragraph (3) letter a are signed by the Deputy for Investment Service Section on behalf of the BKPM Chief.

Article 51

The principle licenses issued based on the delegation and mandate of authority as referred to in Article 6, are signed by the Head of Provincial BPMPTSP or the Head of Provincial PTSP Organizing Agency.

Article 52

The principle licenses issued based on the delegation of authority and assignment as referred to in Article 7, are signed by the Head of Regency/Municipal BPMPTSP or the Head of Regency/Municipal PTSP Organizing Agency.

Article 53

The licenses issued at KPBPB as referred to in Article 8 by PTSP KPBPB based on the law and regulation concerning KPBPB by observing this Regulation are signed by the Head of PTSP KPBPB.

Article 54

The licenses issued at KEK as referred to in Article 8 by PTSP KEK based on the law and regulation concerning KEK by observing this Regulation are signed by the Head of PTSP KEK.

Part Two

Standard of Numbering Licensing and Non-Licensing

Article 55

- (1) To harmonize the numbering of investment licenses issued by the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, it is necessary to adopt the format of numbering.
- (2) The format of numbering as referred to in paragraph (1), covers the numbering of companies and the numbering of license products.
- (3) The numbering of companies is given by SPIPISE automatically.
- (4) The numbering of license products covers the following components:
 - a. sequence number of letter;
 - b. area code of PTSP organizing agency issuing licensing and non-licensing;
 - c. code of type of licensing issued;
 - d. code of type of capital participation of investment company; and
 - e. year of issuing licensing, with each of the components is separated by line.

Article 56

- (1) The area codes of PTSP as referred to in Article 55 paragraph (4) letter b, are as follows:

- a. area code for PTSP BKPM is 1 (one);
 - b. area code for Provincial BPMPTSP or Regency/Municipal BPMPTSP or PTSP KPBPB or PTSP KEK refers to provisions on area codes stipulated by the Central Statistics Agency;
 - c. the writing of area code for Provincial BPMPTSP or Regency/Municipal BPMPTSP is started from the area code of province followed by the area code of regency/municipality by observing provisions on area codes stipulated by the Central Statistics Agency;
 - d. area code for PTSP KPBPB is followed by area code where KPBPB is situated;
 - e. area code for PTSP KEK is followed by area code where KEK is situated.
- (2) The codes of types of licenses as referred to in Article 55 paragraph (4) letter c, are as follows:
- a. codes for principle licenses:
 - 1. principle license is IP (in capital letters);
 - 2. expansion principle license is IP-PL (in capital letters);
 - 3. change principle license is IP-PB (in capital letters);
 - 4. company merger principle license is IP-PP (in capital letters).
 - b. The codes of types of capital participation of investment company as referred to in Article 55 paragraph (4) letter d :
 - 1. code for investment containing foreign capital is PMA (in capital letters);
 - 2. code for investment entirely comprising domestic capital is PMDN (in capital letters).
- (3) Examples of the format of the numbering of licenses are contained in Attachment XVI which is an integral part of this Regulation.

Part Three

Copies

Article 57

If application for principle license/expansion principle license/change principle license/company merger principle license is approved, the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, according to their authority, shall issue a principle license, with copies addressed to :

- a. the Home Affairs Minister;
- b. the Finance Minister;
- c. the Law and Human Rights Minister attn. the Director General of General Legal Administration;

- d. the Environment and Forestry Minister;
- e. the Minister overseeing the business field for the relevant investment;
- f. the Minister of Cooperatives and Small and Medium Businesses (for company required to have partners);
- g. the Agrarian and Spatial Layout Minister/Head of the National Land Agency;
- h. the Bank Indonesia Governor;
- i. the Head of the Representative of the Republic of Indonesia in the country of origin of foreign investment (especially for PMA);
- j. the Chairman of the Business Competition Supervisory Commission (for principle license within the framework of company merger or acquisition);
- k. the Director General of Taxation;
- l. the Director General of Customs and Excise;
- m. the relevant technical Director General;
- n. the relevant Governor;
- o. the relevant Regent/Mayor;
- p. the Chief of BKPM (especially for principle license issued by the Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK,);
- q. the Chief of Provincial BPMPTSP (especially for principle license issued by the Central PTSP at BKPM, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK,);
- r. the Chief of Regency/Municipal BPMPTSP (especially for principle license issued by the Central PTSP at BKPM, Provincial BPMPTSP, PTSP KPBPB, or PTSP KEK;
- s. The official of the Indonesian Investment Promotion Center in the country of origin of foreign investment (especially for PMA).

Part Four

Proxy of Applicant

Article 58

- (1) Application for investment license which is filed before a company has the status of Indonesian legal entity and the investment license constitutes the authority of Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, shall be signed by all would-be shareholders or other parties given a power of attorney.

- (2) Application for investment license which is filed after a company has the status of Indonesian legal entity and the investment license constitutes the authority of Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, or PTSP KEK, shall be signed by the board of directors/company leadership.
- (3) Application for principle license which is filed before a company has the status of Indonesian legal entity and the principle license constitutes the authority of the government, shall be filed through SPIPISE online service by one of would-be shareholders or other party given a power of attorney.
- (4) Application for investment license which is filed after a company has the status of Indonesian legal entity and the investment license constitutes the authority of the government, shall be filed through SPIPISE online service by the director of the company or other party given a power of attorney.
- (5) The filing of the application as referred to in paragraphs (1) and (3) can be done by all would-be shareholders of the company or one of the parties referred to below based on a power of attorney from all would-be shareholders of the company, without substitution rights, namely :
- a. one of would-be shareholders of the company;
 - b. individual lawyer;
 - c. lawyers forming civil association as law consultant;
 - d. notarial public;
 - e. representative of the Chamber of Commerce in the country of the would-be shareholder of the company; or
 - f. domestic investment company with a status of Indonesian legal entity engaged in consulting service.
- (6) The filing of the application as referred to in paragraphs (2) and (4) is done by the board of directors/company leadership or one of the parties referred to below based on a power of attorney from the board of directors/company leadership, without substitution rights, namely :
- a. employee of the company;
 - b. individual lawyer;
 - c. lawyers forming civil association as law consultant;
 - d. notarial public;
 - e. representative of the Chamber of Commerce in the country of the would-be shareholder of the company; or
 - f. domestic investment company with a status of Indonesian legal entity engaged in consulting service, complete with a power of attorney.
- (7) The power of attorney as referred to in paragraph (6) is as follows:

- a. for a company: a decision on the appointment as an employee/work contract with the company or a written statement as employee;
 - b. individual lawyer: lawyer card (cannot be assigned to associate/ employee of office/company);
 - c. law office: deed of incorporation of firm or deed of civil association, decision as employee or work contract with law office or a written statement as employee;
 - d. notarial office: decision on the endorsement of notarial public from the Law and Human Rights Ministry; and decision on employee or work contract with notarial office;
 - e. representative of the Chamber of Commerce in the country of would-be shareholder of the company; decision as employee or work contract with the company; or
 - f. consulting office with a status of Indonesian legal entity (100% domestic): business license/SIUP (business management consulting service/ document arrangement), decision as employee of the company.
- (8) A power of attorney to file application shall carry sufficient duty stamp and company stamp (for company with a status of Indonesian legal entity), and copies of the identities of the people giving and receiving a power of attorney.

Article 59

- (1) A power of attorney as referred to in Article 58 paragraphs (1), (2), and (8) shall use the format/model of power of attorney as referred to in this Regulation.
- (2) The model of power of attorney to sign the application as referred to in Article 58 paragraphs (1) and (2), is contained in Attachment XVII which is an integral part of this Regulation for Bahasa Indonesia and Attachment XVIII for English.
- (3) The model of power of attorney to file the application as referred to in Article 58 paragraph (8) is contained in Attachment XIX which is an integral part of this Regulation for Bahasa Indonesia and Attachment XX which is an integral part of this Regulation for English.

Article 60

Would-be shareholders, members of the board of directors/company leadership or license applicant shall understand the statement as contained in the license application form that states, guarantees and is responsible for:

- a. the original of all documents conveyed;
- b. compatibility of all records/photocopies of data conveyed with original documents; and
- c. the original of all signatures contained in the application.

Part Five

Sanction

Article 61

- (1) The board of directors/company leadership and/or applicant for principle license that provides fake information and/or data, cannot file an application for principle license at the Central PTSP at BKPM, Province BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, PTSP KEK, according to their respective authority, for at least 1 (one) year and will be announced openly.
- (2) The board of directors/company leadership and/or applicant for principle license that provides fake information and/or data as proven in the application for investment license conveyed to the Central PTSP at BKPM, Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, PTSP KEK, according to their respective authority, will be liable to criminal sanction according to the law.

CHAPTER VIII

TRANSITIONAL PROVISIONS

Article 62

- (1) Principle licenses issued before this Regulation takes effect shall remain valid until the expiry of the principle licenses for a period of time for the completion of projects contained in the principle licenses.
- (2) The principle licenses of companies located in certain industrial estates issued before this Regulation takes effect, can function as investment licenses by filing applications to the Central PTSP at BKPM first.
- (3) Applications for principle licenses that have been received and declared complete and correct before this Regulation takes effect and are still in the process of completion, will be processed according to this Regulation.
- (4) Companies that have held investment registration before this Regulation takes effect and need fiscal and non-fiscal facilities, shall file applications for principle licenses according to the law and regulation.
- (5) If companies that have held investment registration and have not had articles of association endorsed by the Law and Human Rights Ministry still want to continue their business activities shall file applications for new principle licenses according to the law and regulation.

(6) Companies that have held principle licenses issued before this Regulation is promulgated while the period of time for the completion of projects has ended, can file applications for a change as referred to in Article 23 and the extension of the period of time as referred to in Article 24 or business licenses shall be done no later than 1 (one) year after this Regulation is promulgated.

CHAPTER IX

CONCLUSION

Article 63

With this coming into force of this Regulation, Regulation of the Investment Coordinating Board Chief No. 5/2013 concerning Guide to and Procedure of Filing Applications for Licensing and Non-licensing for Investment as already amended by Regulation of the BKPM Chief No. 12/ 2013 shall be revoked and declared null and void.

Article 64

This Regulation began to take effect:

- a. for the Central PTSP at BKPM on October 26, 2015; and
- b. for Provincial BPMPTSP, Regency/Municipal BPMPTSP, PTSP KPBPB, and PTSP KEK no later than 90 (ninety) working days after the date of promulgation.

For public cognizance, this Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On September 29, 2015

THE HEAD OF THE INVESTMENT COORDINATING
BOARD OF

THE REPUBLIC OF INDONESIA,

sgd.

FRANKY SIBARANI

Promulgated in Jakarta

On October 8, 2015

THE DIRECTOR GENERAL OF LAWS AND REGULA-
TIONS OF

THE LAW AND HUMAN RIGHTS MINISTRY OF

THE REPUBLIC OF INDONESIA

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

OF 2015 NO. 1478

Editor's note:

Attachments are not carried for technical reasons.

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