



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Indonesia's Omnibus Law and New Investment List: New Opportunities for Foreign Investors

In cooperation with



Jennifer Halim – Senior Associate, International Business
Advisory, Jakarta Office

Our Firm In Numbers

1992

Dezan Shira's establishment

300+

Our team of legal, tax, accounting and audit professionals

40%

Almost half of our clients are EU-based

11

Asian countries covered

25

Offices only 5 of which are not in Asia



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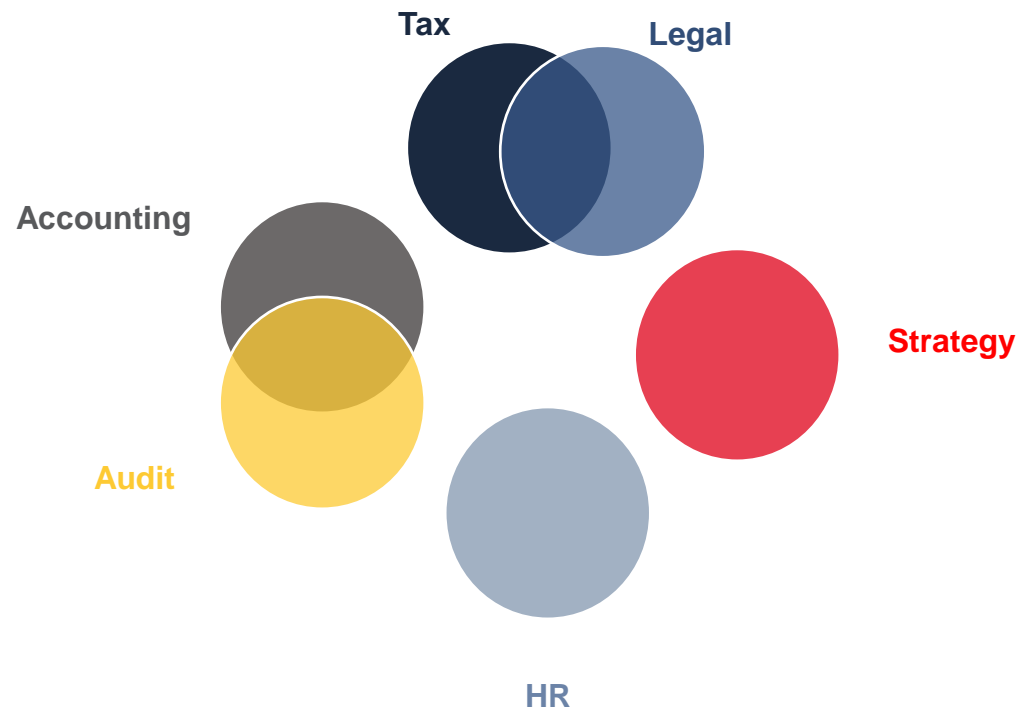
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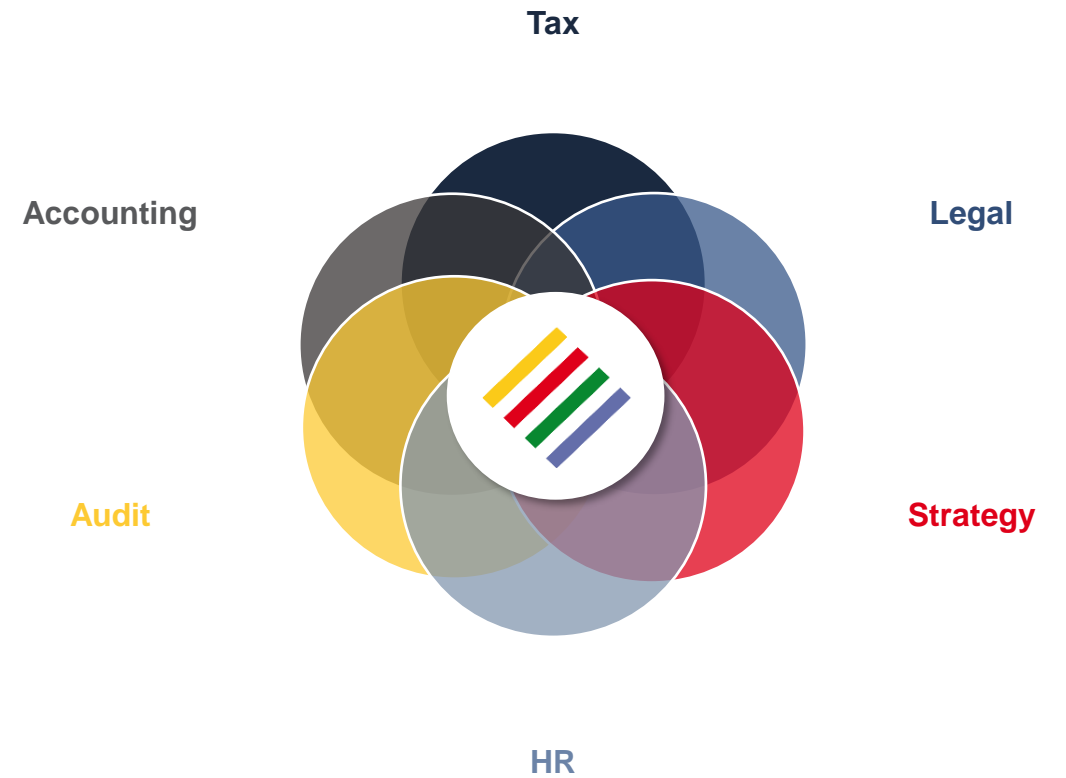
Please email asia@dezshira.com or visit www.dezshira.com



Multi-Provider Approach



Our Blended Approach



Discussed today

- Why Indonesia
- Brief introduction to the Omnibus law
- New risk-based approach





Why Indonesia



Why Indonesia?

Facts and Figures



10th the world's 10th largest economy in terms of purchasing power parity



4th most populous country in the world



The world's third largest market for Facebook



GDP of more than \$1 Trillion



Population of 260 million, with more than 50% of the population reside in Java



More than 100 Million internet users



The only ASEAN member in the G20



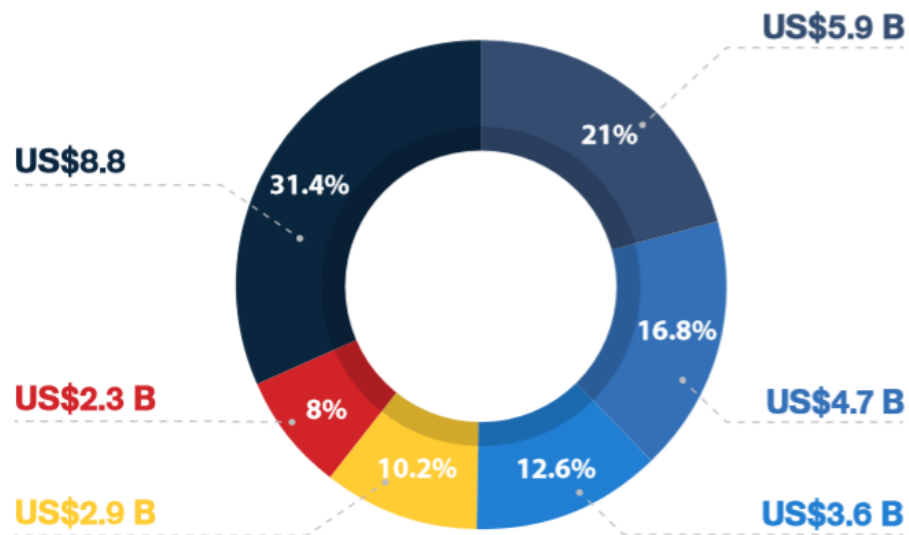
44% of Indonesians are aged under 25



Consumer class twice the size of the population in Australia

Top 5 Sectors Receiving Investment

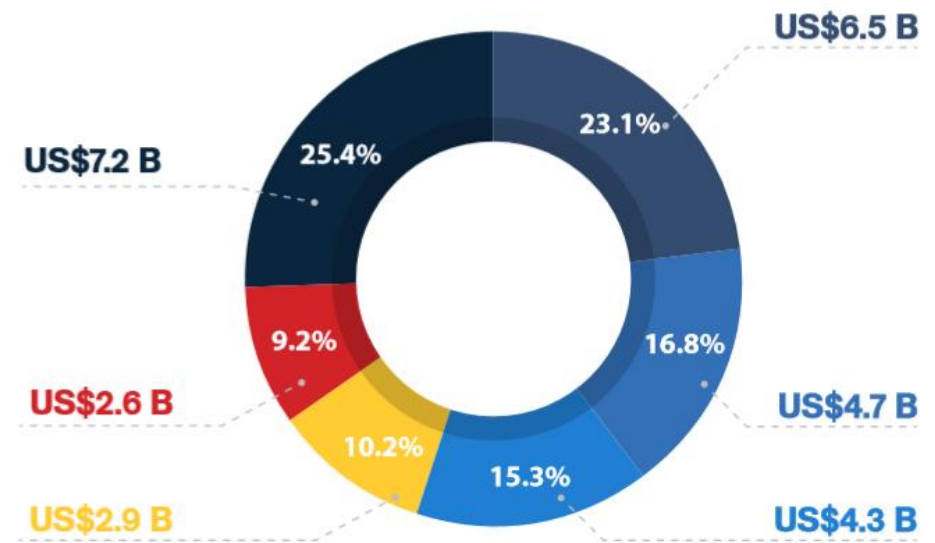
- Electricity, Gas and Water Supply
- Transportation, Warehouse and Telecommunication
- Metals, except Machinery and Equipment Industry
- Housing, Industrial Estate and Office Building
- Mining
- Others



Source: BKPM

Top 5 Countries Investing in Indonesia

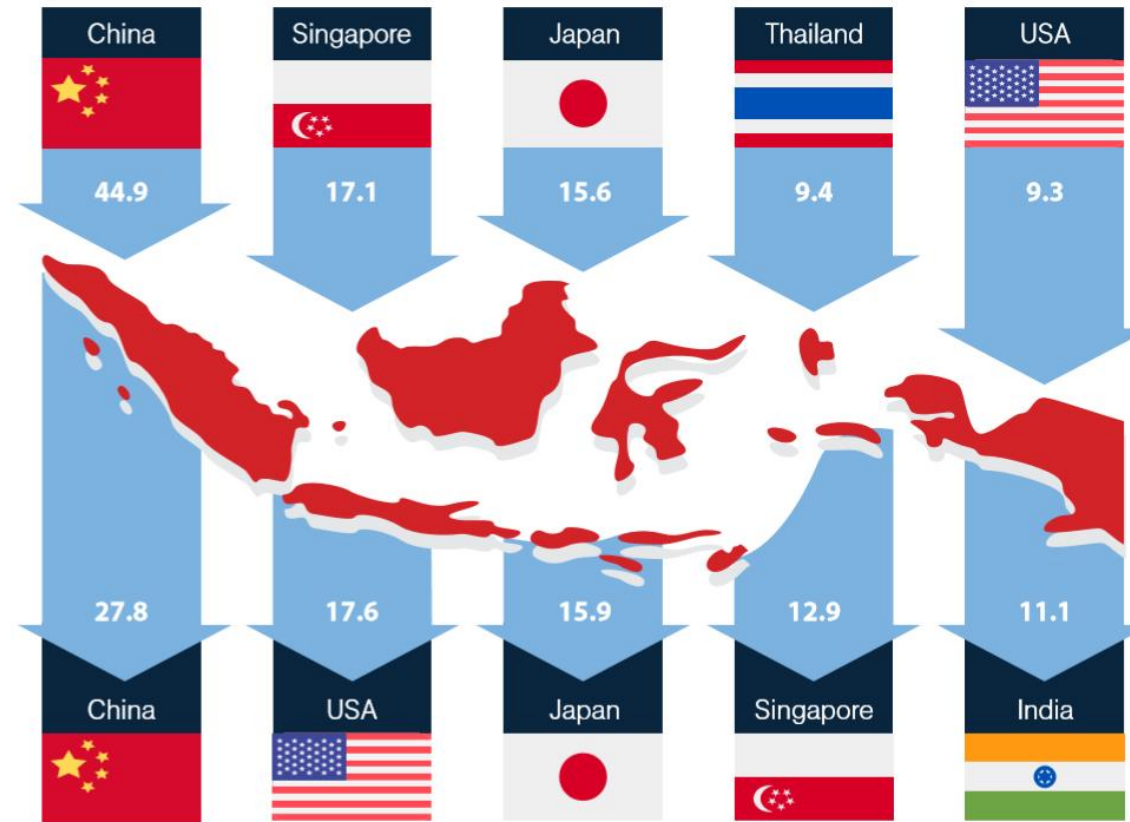
- Singapore
- China
- Japan
- Hong Kong
- Netherlands
- Others



Source: BKPM

Top 5 GLOBAL Import & Export Partners (US\$ Billion)

TOP 5 IMPORT PARTNERS

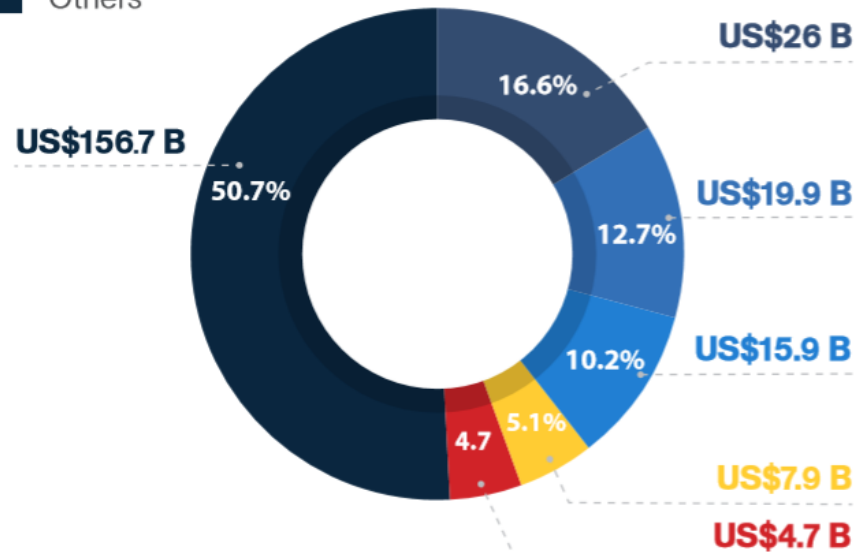


TOP 5 EXPORT PARTNERS

Source: Tradinaeconomics.com

Top 5 Imports by product

- Machinery including Computers
- Electrical Machinery and Equipment
- Mineral Fuels including Oil
- Plastics and Plastic Articles
- Iron and Steel
- Others

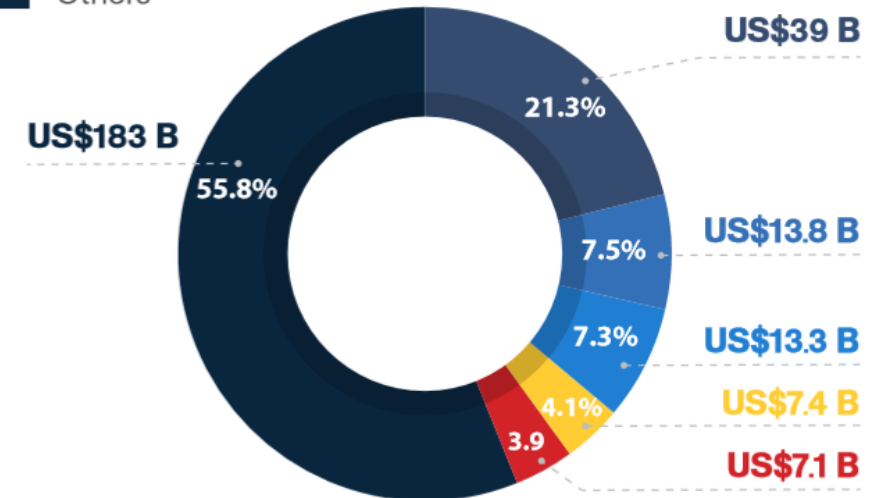


Source: World's Top Export

Graphic© Asia Briefing Ltd.

Top 5 Exports by product

- Mineral Fuels including Oil
- Animal and Vegetable Fats, Oils and Waxes
- Electrical Machinery and Equipment
- Footwear
- Iron and Steel
- Others

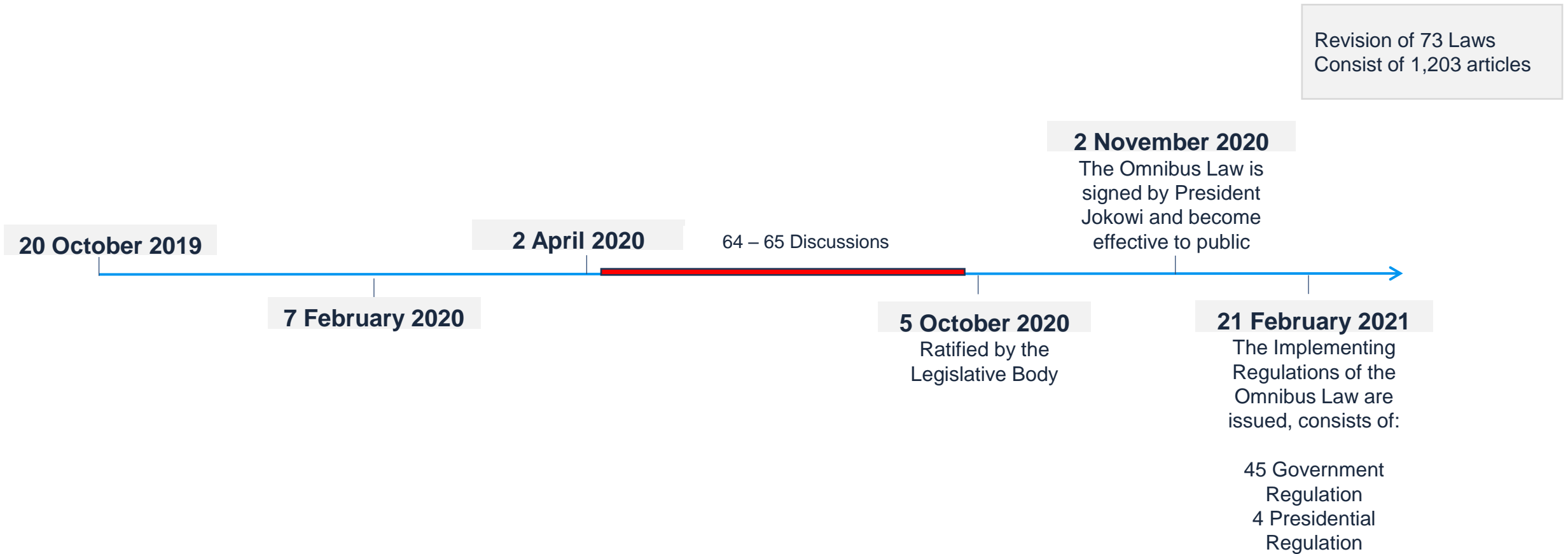




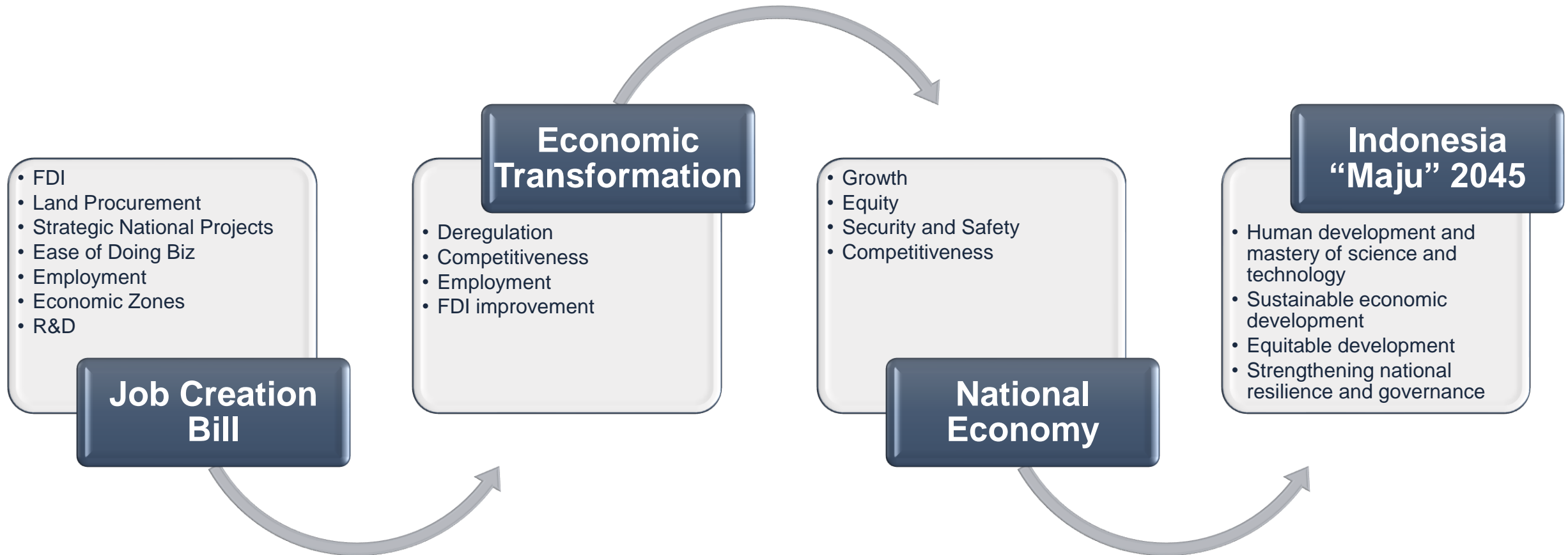
Introduction to the **Job Creation Law** (Omnibus Law)

*What Prompted These Sweeping
Changes?*

TIMELINE OF THE JOB CREATION (Omnibus) LAW



Job Creation Law as an **accelerator** to recovery and growth





Omnibus Law

Law No. 11 of 2020 about Job Creation Law

Government Regulation (GR)

GR No. 5 of 2021 on the Implementation of Risk-Based Business Licenses

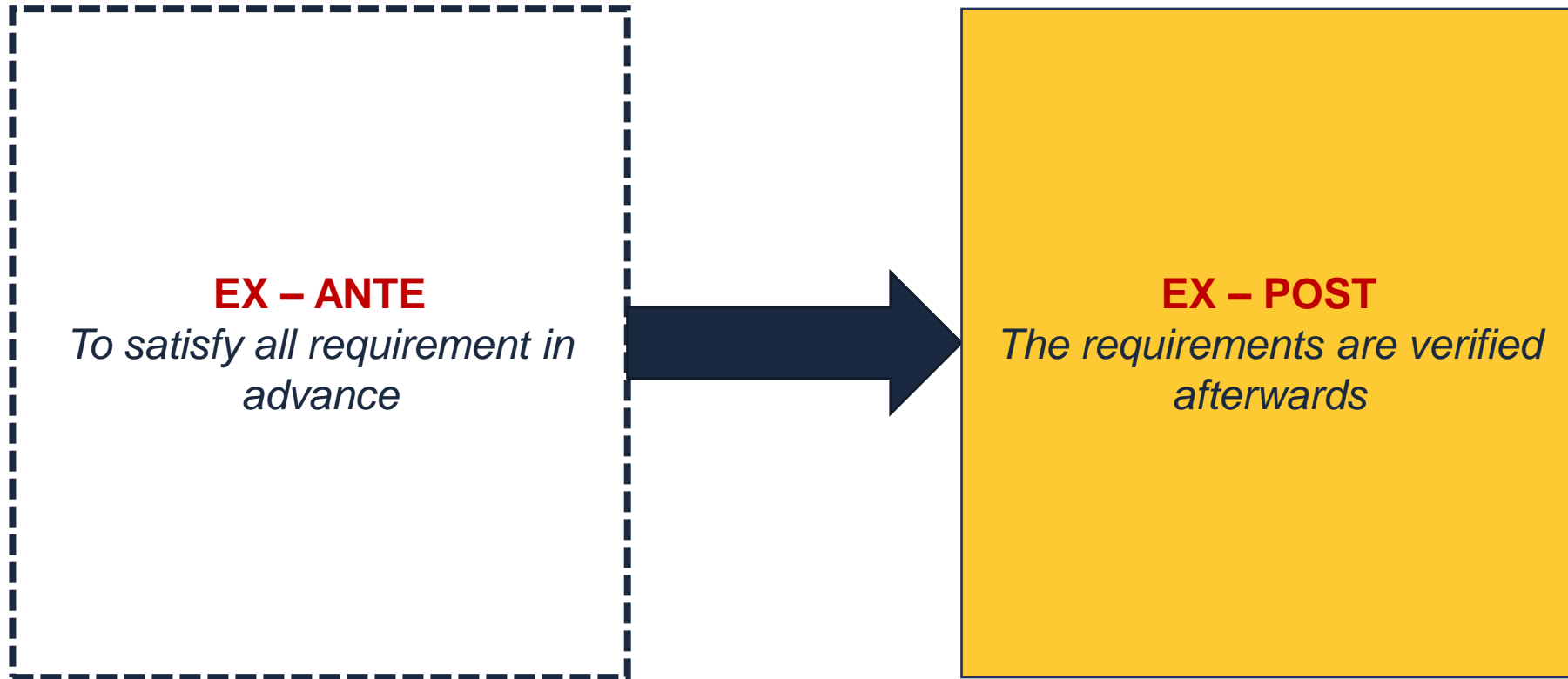
Investment Coordinating Board Regulation (Perka BKPM)

Perka BKPM No. 3 of 2021 on the Electronic Integrated Risk-Based Business Licensing System

Perka BKPM No. 4 of 2021 on the Guideline and Procedure for Risk-Based Licensing Services and Investment Facilities

Perka BKPM No. 5 of 2021 on the Guideline and Procedure for the Supervision of Risk-Based Business Licensing





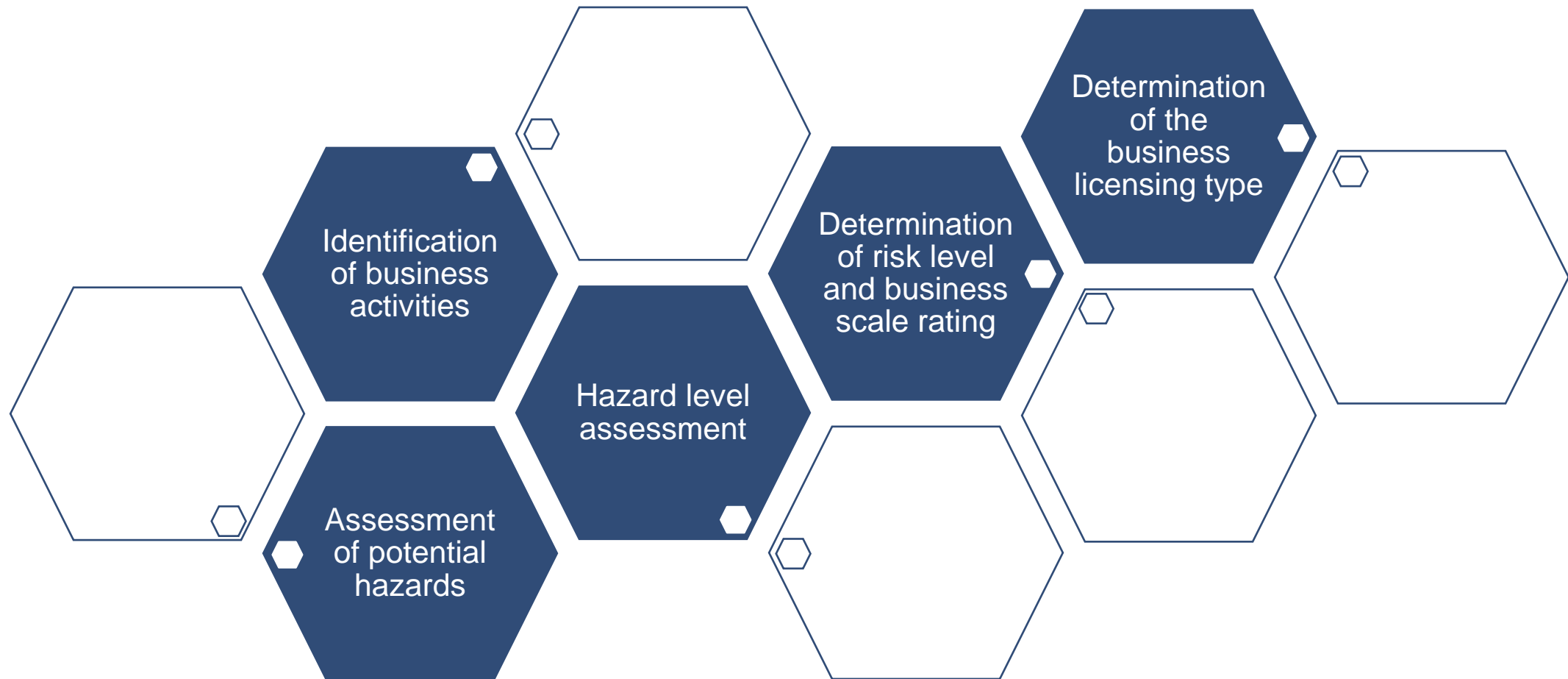
Business sectors affected by the new implemented risk-based approach

Energy and Mineral Resources	Health, Medicine, and Food	Education and Culture	Tourism	Postal, Broadcasting, and Telecommunications, Electronic System and Transaction
Religion	Employment	Transportation	Trade	Public Works and Housing
Agriculture	Marine and Fisheries	Environment and Forestry	Nuclear Energy	Industry

Risk Level and Licensing Requirements



FACTORS ASSESSED BY THE CENTRAL GOVERNMENT IN DETERMINING THE RISK LEVEL



LICENSING REQUIREMENTS BASED ON THE RISK LEVEL

Low Risk

- Business Identification Number (**NIB**) for **operational and commercial activities**.
- NIB also serves as: Importer Identification Number, Customs Access Right, Halal Guarantee Statement (only for low-risk small and medium enterprises), Environmental Management and Monitoring Capability Statement Letter (for low-risk only).
- Example: wholesale distributor

Medium-low Risk

- Shall obtain a NIB and Standard Certificate before **commencing the business operation**.
- Standard Certificate is a statement and/or evidence of the fulfilment of certain business implementation standard.
- For medium-low risk business, the Standard Certificate is in the form of a **self-statement**.
- Example: Consulting activity and the design of Internet of things

Medium-high Risk

- Shall obtain a NIB and an *unverified Standard Certificate* before commencing the **business' preparation stage**.
- The Government Agency will verify the Standard Certificate, whether the business has fulfilled specific business standards.
- **After a verified Standard Certificate is issued**, the business is allowed to commence its **operation/commercial activities**.
- Example: Freight forwarding, building construction

High-Risk

- NIB for **preparation stage**.
- Licenses, in the form of approval by the Central or Regional Government for the implementation of business activities.
- The license will be issued after the satisfaction of all requirements for the relevant business activities has been verified (e.g. Environmental Impact Analysis – AMDAL), and thus may commence its **operational and commercial activities**.
- Please note that for some business activities, a Standard Certificate may also be required
- Example: web portal/e-commerce platform operator for large business scale (minimum authorized capital IDR 10 B/USD 720,000), private hospitals

Note: the categorization of business and its risk level are listed under annexes of GR 5/2021

Preparation Stage

- Land acquisition
- Building construction (after the environmental license has been issued)
- Procurement of tools or facilities
- Recruitment of manpower
- Fulfilment of business standards
- Conducting feasibility studies
- Financing operations during the construction phase

Operational & Commercial Stages

- Production/provision of goods/services
- Logistics and distribution of goods/services
- Marketing of goods/services
- Other operational and commercial stage activities

SUPERVISORY MEASUREMENT OF THE RISK-BASED BUSINESS LICENSING

Regular Supervision

- Will be carried out periodically based on the level of risk of the relevant business activities with due consideration of the level of compliance by the business.
- Will be conducted through company's business report (realisation of investment and manpower, and an annual report on the realisation of production, corporate social responsibility, partnership, training and technology transfer) and field inspection.
- Field inspection:
 - Low & Medium-low Risk: once a year/business location
 - Medium-high & High Risk: twice a year/business location

Incidental Supervision

- The incidental supervision will be conducted based on the report from community and/or business actors.
- Incidental supervision will be carried out by the relevant ministries, governmental agencies, provincial regions, regency/city governments, Special Economic Zone administrators, and/or Free Trade Zone Free Port (FTZFP) on an ad-hoc basis.
- The incidental supervision can be conducted through a field inspection or through virtual.

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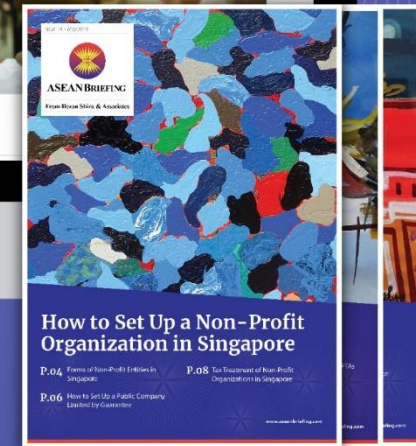
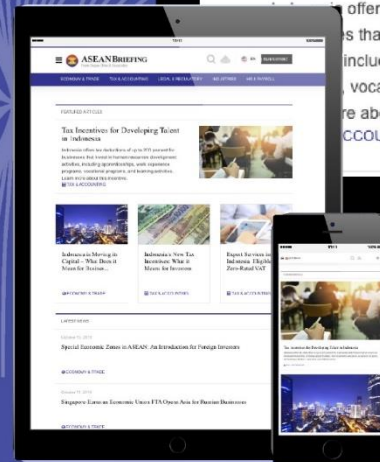
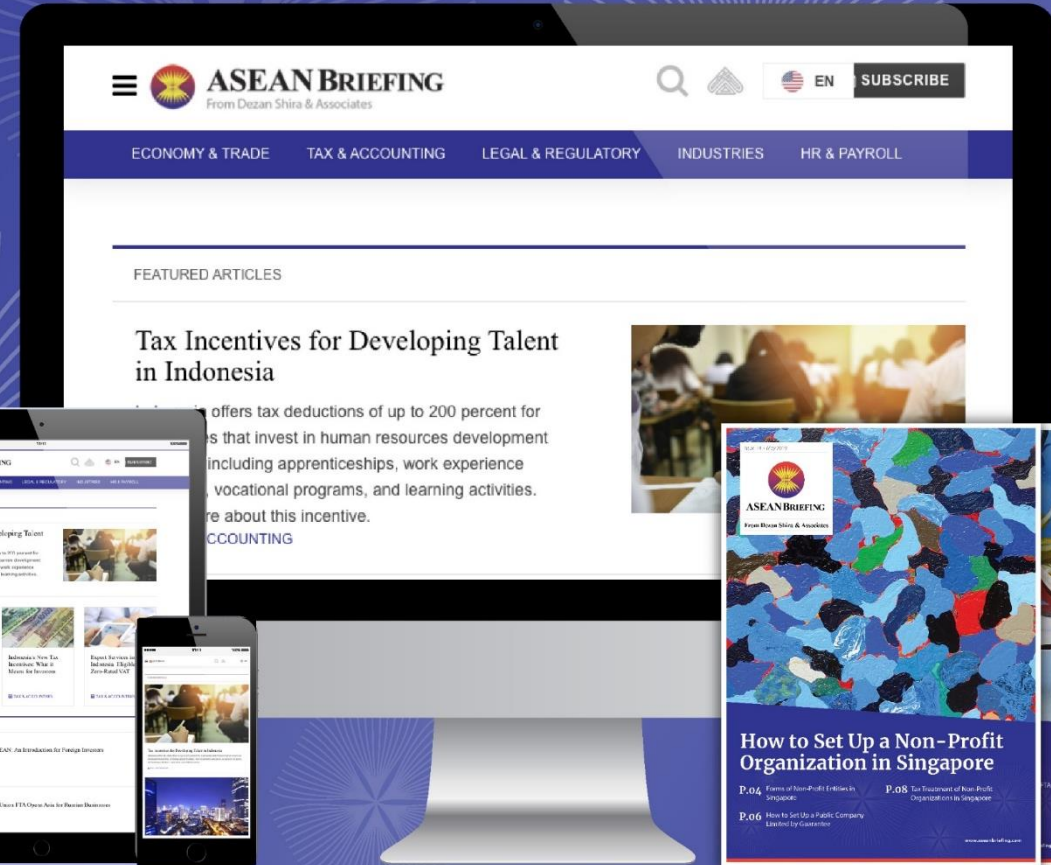


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