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A. General overview

On 5 June 2025, the government of Indonesia promulgated Government Regulation No. 28 of 2025 on Risk-Based Business Licensing (**GR 28/2025**). This new regulation replaces and supersedes Government Regulation No. 5 of 2021 on Risk-Based Business Licensing (**GR 5/2021**). Consequently, all business licensing processes must now adhere to the mandates of GR 28/2025. This regulatory transition aims to streamline and clarify the licensing framework, particularly focusing on the intricacies of the licensing process. Under the new mandate, the Indonesian government is obligated to issue implementing regulations within a four-month period to ensure smooth operational transitions within four months. Additionally, the Indonesian government must upgrade the Online Single Submission (**OSS**) and the Indonesia National Single Window System (**INSW**) to align with the new regulation by October 2025, at the latest.

B. Impact on licences and OSS access rights

1. Validity of existing licences and ongoing applications

Existing licences, including basic requirements (*persyaratan dasar*), Business Licence (*Perizinan Berusaha* or **PB**) and Business Licence to Support Business Activities (*Perizinan Berusaha Untuk Menunjang Kegiatan Usaha* or **PB UMKU**), will remain valid until their expiration. Business actors are reassured of continuity and stability, as there is no immediate requirement to renew or reapply for licences they currently hold.

As for the ongoing applications, current applications underway will continue to be processed under the framework of GR 5/2021 until the OSS is upgraded, expected by October 2025 at the latest. This ensures that businesses do not encounter delays or additional bureaucratic processes midway through their application procedures. However, the applications for basic requirements (*persyaratan dasar*), PB and/or PB UMKU will follow the requirements under GR 28/2025 once the upgraded OSS is available, which may become available sooner than it is mandated.

2. Requirement for updating access rights

Business actors who acquired OSS access rights prior to the issuance of GR 28/2025 must ensure their records are updated in the OSS. Notification regarding these updates will be sent to the registered email addresses. It remains unclear whether these updates must occur before the upgraded OSS goes live, generating a need for further clarification from the authorities.

3. Specific considerations for tourism businesses

Business actors that engage in tourism businesses that are classified as “medium-high” and “high” risks with an existing standard certificate must perform administrative updates within the OSS to maintain compliance. This ensures alignment with the upgraded framework without necessitating substantive changes to the existing certificates.

C. Key changes

1. Scope and detailed business activity stages

GR 28/2025 expands the scope of regulated business sectors by adding five new business sectors, which include legal metrology, creative economy, geospatial information, cooperatives (*koperasi*) and investment. This expansion reflects a targeted approach to licensing across a total of 22 business sectors, thereby promoting greater regulatory clarity. Another clarity that has been introduced is that, unlike GR 5/2021, GR 28/2025 unambiguously stipulates the need for obtaining licences through the OSS for basic requirements (*persyaratan dasar*), PB and PB UMKU, solidifying its role as a centralised licensing framework.

Additionally, a notable change is the clearer interpretation of business activities, divided into the starting process stage and the business implementation stage.

Stage	Sub-stage	Required licences/Actions
Starting process stage (<i>tahapan memulai usaha</i>)	Fulfilment of business legality	
	Fulfilment of basic requirement	<ul style="list-style-type: none"> • Conformity to Spatial Utilisation Activities (<i>Kesesuaian Kegiatan Pemanfaatan Ruang</i> or KKPR) • Statement of Capability for Environmental Management and Monitoring (<i>Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup</i>)
	Submission of PB application	
Business implementation stage ¹ (<i>tahapan menjalankan usaha</i>)	Preparation	<ul style="list-style-type: none"> • Land procurement • Environmental Approval • Building Permit (<i>Persetujuan Bangunan Gedung</i> or PBG) • Building construction • Facilities construction • Human resources procurement • Fulfilment of business standards • Fulfilment of PB requirements
	Operational and/or commercial stage	<ul style="list-style-type: none"> • Goods production and services provision • Logistic and distribution • Marketing • Other activities for carrying out business commercially

Furthermore, GR 28/2025 clarifies that PB UMKU (which is required to be processed through OSS) does not cover export and import licences, directing these to be processed through INSW instead. This is a departure from GR 5/2021, where export and import licensing for certain sectors is considered as PB UMKU. However, export and import licences that cannot be processed through INSW will require the licensing process via electronic systems operated by relevant ministries or agencies.

1. This is similar to the business implementation stage as outlined in GR 05/2021. However, GR 28/2025 provides clearer steps: if the business activities specifically require PB UMKU, a business actor must obtain PB UMKU after obtaining the PB.

2. Introduction of new OSS subsystems

Additional OSS subsystems have been introduced, comprising the basic requirements subsystem, the investment facilities subsystem and the partnership subsystem. This indicates that GR 28/2025 not only aims to amend the licensing rules but also mandates OSS in revamping its subsystems to support the amendment. This ensures that all stakeholders can utilise the licensing process, including basic requirements (*persyaratan dasar*), through OSS.

3. Sanctions

While GR 28/2025 adopts the same approach regarding staggered administrative sanctions, it expands and clarifies the scope of violations that may incur such sanctions. Under GR 28/2025, administrative sanctions extend to violations of basic requirements (*persyaratan dasar*) and PB UMKU. Moreover, unlike GR 5/2021, GR 28/2025 centralises administrative sanctions for violations of licensing requirements across all sectors. In contrast, GR 5/2021 specified administrative sanctions for each business sector individually. The goal of GR 28/2025 is to simplify the sanctions rules, potentially aiding all stakeholders in better understanding them.

4. Changes to attachment

The fundamental change in the attachment of GR 5/2021 compared to GR 28/2025 lies in the focus on distinguishing regulatory requirements between PB and PB UMKU. In GR 5/2021, Attachment I separates PB and PB UMKU into two distinct tables. This separation may create confusion for those trying to determine the specific PB and PB UMKU needed for particular business activities.

GR 28/2025 adopts a more streamlined approach to address the specific issue in determining the PB and PB UMKU. Attachment I of GR 28/2025 combines the requirements for both PB and PB UMKU licences into a single table, making it easier to understand and identify the necessary licences for specific business activities. This table also outlines the obligation of each specific business activity. This effort aims to simplify the process of identifying the necessary permits.

While Attachment I of GR 28/2025 provides references to the relevant PB UMKU for each specific business activity, the detailed requirements for obtaining PB UMKU can be found in Attachment II of GR 28/2025. Consequently, during the operational and/or commercial stage, business actors who only need to obtain PB (without requiring PB UMKU) can refer solely to Attachment I.

D. What to expect? – Draft minister regulation as the implementation regulation of GR 28/2025

The Government is currently preparing the Draft Regulation of the Minister of Investment and Downstream Industry/Head of the Investment Coordinating Board on Guidelines and Procedures for Risk-Based Business Licensing and Investment Facilities through the OSS System (**BKPM Draft Regulation**).

This regulation will serve as the implementing framework mandated by GR 28/2025 and is expected to align the OSS system with the changes introduced in GR 28/2025 through the OSS system and INSW. According to GR 28/2025, a new implementation framework must be issued by 5 October 2025.

To align with the updates mandated by GR 28/2025, the BKPM Draft Regulation aims to redefine the scope of the licensing system by (1) incorporating services that support the issuance of basic requirements (*persyaratan dasar*), PB and PB UMKU, and (2) categorising the business activity during both the commencement and ongoing phases. While the BKPM Draft Regulation supports the changes of business licences mandated by GR28/2025, it will require business actors to provide more detailed data for their applications.

Furthermore, the BKPM Draft Regulation seeks to simplify the framework by adopting an omnibus approach. It combines provisions related to (1) the licensing system, (2) guidelines and procedures for licensing services, and (3) guidelines and procedures for licensing supervision into a single regulation. These provisions are currently governed under three separate BKPM regulations. Therefore, while the BKPM Draft Regulation supports the change outlined in GR 28/2025 from a technical standpoint, once enacted, it will also enhance and improve other aspects of the framework, such as the capital structure of foreign investment companies, updates for the Standard Classification of Indonesian Business Fields (*Klasifikasi Baku Lapangan Usaha Indonesia* or KBLI) to align with the KBLI assessment every 5 years, and criteria for micro-small-medium enterprises.

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