

New Regulation on Guidelines to Submit Investment Activity Reports

On 6 November 2020, Indonesia's Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* – “**BKPM**”) issued BKPM Regulation No. 6 of 2020 regarding Guideline and Procedure for Controlling the Implementation of Capital Investment (“**RBKPM 6/2020**”) which came into effect as of 13 November 2020. This regulation revokes the previous regulation i.e., BKPM Regulation No. 7 of 2018, which was issued in July 2018.

RBKPM 6/2020 provides for, among others, guidelines for submitting Investment Activity Reports (*Laporan Kegiatan Penanaman Modal* – “**LKPM**”) by business practitioners through the Online Single Submission (“**OSS**”) system. Pursuant to RBKPM 6/2020, every business practitioner, both individual and non-individual (a company, either local or foreign investment company) that has obtained a business license from the OSS system is required to submit LKPMs with the following conditions:

1. Businesses with an investment value of IDR 50 million to IDR 500 million are required to submit LKPMs semesterly (every 6 (six) months), with the following deadlines:
 - a. for the first semester, no later than 10 July of the ongoing year; and
 - b. for the second semester, no later than 10 January of the following year.
2. Businesses with an investment value of more than IDR 500 million are required to submit LKPMs quarterly (every 3 (three) months), with the following deadlines:
 - a. for the first quarter, no later than 10 April of the ongoing year;
 - b. for the second quarter, no later than 10 July of the ongoing year;
 - c. for the third quarter, no later than 10 October of the ongoing year; and
 - d. for the fourth quarter, no later than 10 January of the following year.

However, pursuant to RBKPM 6/2020 the following business sectors are not required to submit LKPM:

1. upstream oil and gas business;
2. banking business;
3. non-banking financial business; and
4. insurance business.

Please note, however, that non-obligatory LKPM reporting to BKPM for the abovementioned business sector does not relieve those businesses from reporting their respective business activities to other governmental institutions as required under the prevailing laws and regulations.



Furthermore, RBKPM 6/2020 stipulates that for businesses that fail to submit LKPMs through OSS system shall be subject to the following administrative sanctions:

1. warning letter;
2. restriction and/or temporary business activities suspension;
3. revocation and/or cancellation of business licenses;
4. closure of administrative branch offices; and/or
5. imposition of administrative fines.

In addition, RBKPM 6/2020 also provides for the obligation for representative offices of foreign companies to submit representative office's activity reports, and the obligation for companies that have obtained import duty exemption facilities to submit import realization reports, with the following conditions:

1. general representative offices of foreign companies ("**KPPA**"), representative offices for foreign trading companies ("**KP3A**"), and representative offices for foreign oil and gas companies ("**KPA Migas**") are required to submit representative office's activity reports semesterly through the OSS system with deadlines as abovementioned;
2. representative offices for foreign construction companies ("**BUJKA**") are required to submit representative office's activity reports annually through the OSS system (or silapta.pu.go.id as the case maybe) no later than 10 January of the following year; and
3. companies that have obtained import duty exemption facilities are required to submit import realization reports through the OSS system no later than 7 (seven) days after obtaining the approval letter from the Directorate General of Customs and Excise.

Lastly, RBKPM 6/2020 in its attachments also provides for the newest LKPM forms, which distinguish the LKPM form for businesses with investment values between IDR50,000,000 (fifty million Rupiah) and IDR500,000,000 (five hundred million Rupiah) and the LKPM form for businesses with investment values of more than IDR 500,000,000 (five hundred million Rupiah). Additionally, for those businesses with investment value of more than IDR 500,000,000 (five hundred million Rupiah) there are separate LKPM forms for businesses that have entered into a commercial production stage and not in the commercial production stage.

This client alert is intended to provide a general overview only, thus, cannot be deemed or treated as a legal advice. Please do not hesitate to contact us if you need a more detailed discussion and/or advice.



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