

**Business Stages under the
Government Regulation of the Republic of Indonesia No. 28 of 2025**

In June 2025, the Government of the Republic of Indonesia (“**Government**”) issued the Government Regulation (“**GR**”) No. 28 of 2025 regarding the Implementation of Risk-Based Business Licensing (“**GR 28/2025**”), which came into effect on 5 June 2025. By the enactment of GR 28/2025, the previous regulation, i.e., GR No. 5/2021 regarding the Implementation of Risk-Based Business Licensing (“**GR 5/2021**”), is no longer valid.

GR 28/2025 introduces several amendments, including a clearer classification of Business Stages into 2 (two) main stages, i.e., the **Business Commencement Stage** and the **Business Operation Stage**. Under GR 5/2021, the provisions regarding the Business Stages were not specifically regulated.

One of the consequences of the unclear provisions for dividing the Business Stages is the confusion encountered by the business actors when reporting the Investment Activity Report (*Laporan Kegiatan Penanaman Modal* – “**LKPM**”). This Client Alert provides only a general overview of certain provisions relating to the Business Stages as stipulated under the GR 28/2025:

1. Business Commencement Stage

a. Sub-stage of Fulfilment of Business Legality

At this stage, business actors are required to fulfil the basic legal requirements. For limited liability companies, this includes obtaining a deed of establishment, approval of legal entity status by the Ministry of Law of the Republic of Indonesia, and a tax identification number. Moreover, the business actors are required to register their data or submit the relevant form in order to obtain a Business Identification Number (*Nomor Induk Berusaha* – “**NIB**”) through the Online Single Submission (“**OSS**”) system.

b. Sub-stage of Fulfilment of Basic Requirements

At this stage, business actors are required to fulfil the basic requirements, which consist of conformity of spatial utilization activity (*kesesuaian kegiatan pemanfaatan ruang*) and Environmental Approval (*Persetujuan Lingkungan* – “**PL**”). The fulfilment of such basic requirements is determined by the location and the risk level of the business activity.

For businesses and/or activities that are not required to obtain an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup* or “**AMDAL**”) or Environmental Management and Monitoring Efforts (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* – “**UKL-UPL**”), PL is fulfilled through a Statement of Commitment to Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* – “**SPPL**”), which is submitted through the OSS system.



c. Sub-stage of Obtaining Business Licensing (*Perizinan Berusaha* – “PB”)

At this stage, business actors are required to obtain or apply for PB in accordance with their risk level of the business activities:

- i. Low risk: NIB serves as the identity of the business actor as well as the legality for the implementation of business activities. NIB shall be used for the Sub-stage of Preparation and the Sub-stage of Operational and/or Commercial.
- ii. Medium-low risk: NIB and Standard Certificate, in the form of a self-declaration of compliance with business standards by the business actor. NIB and Standard Certificate shall be used for the Sub-stage of Preparation and the Sub-stage of Operational and/or Commercial.
- iii. Medium-high risk: NIB and Standard Certificate, which remain unverified and for which compliance with additional requirements shall be requested by the relevant authority in accordance with the business activities carried out. NIB and unverified Standard Certificate shall be used for the Sub-stage of Preparation.
- iv. High risk: NIB and an application for a license to the relevant authority in accordance with the business activities conducted shall be required. Prior to the issuance of the license, NIB shall be used for the Sub-stage of Preparation.

By separating these stages, business actors shall be provided with a clear process framework before transitioning to the Business Operation Stage.

2. Business Operation Stage

a. Sub-stage of Preparation

At this stage encompasses the completion of preliminary steps prior to the Sub-stage of Operational and/or Commercial, including land acquisition, fulfilment of basic requirements of PL for businesses and/or activities subject to Amdal or UKL-UPL, building approval for business actors undertaking building construction, construction works, procurement of equipment or facilities, recruitment of human resources, fulfilment of business standards, and/or fulfilment of PB requirements.

b. Sub-stage of Operational and/or Commercial

At this stage encompasses the commencement of business activities that result in the production of goods or services and the generation of revenue, comprising activities such as the production of goods and/or services, logistics and distribution, marketing, and/or other activities undertaken in the context of business operations and/or commercial activities.

3. LKPM Based on Business Stages

Pursuant to GR 28/2025, as has previously been regulated under the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* – “BKPM”)



Regulation No. 5 of 2021 regarding the Guidelines and Procedures for the Supervision of Risk-Based Business Licensing, the types of LKPM are classified as follows:

- a. **Construction Stage LKPM**, shall be submitted by business actors during the Sub-stage of Preparation.
- b. **Production Stage LKPM**, shall be submitted by business actors upon obtaining NIB and verified PB, and upon the commencement of the Sub-stage of Operational and/or Commercial.

All regulatory provisions referred to in this summary will be further regulated in the BKPM regulation implementing GR 28/2025. As of the date of issuance of this Client Alert, no such implementing regulation has been issued.

The Client Alert is intended to provide a brief overview only on several provisions and may not cover all provisions under the GR 28/2025, thus, cannot be deemed as a legal advice. Please do not hesitate to contact us if you need a more detailed discussion, advice, and/or have specific questions.

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