

LEGAL  
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## Indonesian Foreign Investment Scheme Re-regulated

The Investment Coordinating Board (Badan Koordinasi Penanaman Modal, “BKPM”) has issued 2 new regulations namely Head of BKPM Regulation No. 13 of 2017 on the Guideline and Procedure of Investment Licensing and Facility, and Head of BKPM Regulation No. 14 of 2017 on the Guideline and Procedure of Control on the Investment Implementation (“New Regulations”). These New Regulations came into force on 2 January 2018 and revokes Head of BKPM Regulations No. 8, 13 and 17 of 2015.

### SIMPLIFIED PROCESS FOR CERTAIN BUSINESS CATEGORIES

The New Regulations introduces a simplified procedure to apply for BKPM license for foreign direct investment companies (Perusahaan Penanaman Modal Asing, “PMA Company”) in trade or services business activity that:

- does not carry-out construction business; or
- does not require facility for custom fee exemption in importing machinery/capital goods.

Furthermore, applications could be made online through [nswi.bkpm.go.id](http://nswi.bkpm.go.id). The BKPM’s online system is able to automatically identify whether a proposed business activity can be granted a business license directly.

### COORDINATION WITH THE NOTARY IS REQUIRED

The incorporation of a PMA Company in Indonesia requires a deed of establishment (“DOE”) to be drawn up by an Indonesian notary. Before the issuance of the New Regulations, an Indonesian notary will request the newly incorporated PMA Company to show the principle license (i.e. a preliminary license that is granted to potential investors in Indonesia before commercially operating a PMA Company) which has been granted.

As the New Regulations no longer require a principle license for certain business categories, coordination with Indonesian notary is required so that the notary can proceed drafting the DOE without a principle license. Hence, please consult your notary before establishing a PMA Company.

We have personally confirmed with our notaries that they can proceed with the drafting of a DOE without a principal license due to the New Regulations.

If you have any questions or require further information, please contact [Poppy Rahmasuci](#) or [Steffen Hadi](#) or the ZICO Law partner you usually deal with.

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