

Enforcement Date

10 February 2020

Trade

Related ILB

- Government Regulation on E-Commerce Finally Issued
- Direct Selling of Goods Further Regulated
- Draft Regulation on Implementing Guidelines for Electronically Integrated Business Licensing Services
- Minister of Trade Delegates Trade-Sector Licensing to the OSS System
- New Regulation on Online Single Submissions

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Trade Business Licensing Services: SIPERDAG Integrated into OSS System

Business players operating within the trade sector and which are categorized as micro- and small-scale individual business entities are required to obtain specific micro- and small-scale business licenses.

In order to implement various Presidential Directives which address the current government's working strategies, as well as its macro-economic and fiscal policies, the Minister of Trade ("**Minister**") has just issued Regulation [No. 8 of 2020](#) on Electronically Integrated Business Licensing Services within the Trade Sector ("**Regulation 8/2020**"), which updates guidelines relating to the administration and settlement of trade business-licensing processes. Previously, this area was addressed under the now-repealed Regulation of the Minister [No. 77 of 2018](#) ("**Regulation 77/2018**")¹, which bore the same title.²

In comparison with Regulation 77/2018, Regulation 8/2020 generally speaking broadens the scope of the various provisions which are set out under its framework, as follows:³

1. Business licensing: types, Indonesia Standard Industrial Classifications (*Klasifikasi Baku Lapangan Usaha Indonesia – 'KBLI'*), applicants and business criteria;
2. Business licensing services at the Ministry of Trade ("**Ministry**"), as well as at the provincial and regency/city levels;
3. Coaching; and
4. The Online Single Submission ("**OSS**") system and the Trade Information System (*Sistem Informasi Perdagangan – "SIPERDAG"*).

Due to the broad scope of Regulation 8/2020, this edition of Indonesian Legal Brief will confine its discussion to points (1) and (2) above only.

¹ For more information, see ILB [No. 3424](#).

² Recitals and Art. 2, Regulation 8/2020.

³ Art. 3, Regulation 8/2020.

Business Licensing: Types, KBLI, Applicants and Business Criteria

The following two types of licenses are specifically regulated under Regulation 8/2020: 1) Business licenses, possession of which is mandatory for all business players operating within the trade sector; and 2) Commercial/operational licenses (if required). These respective licenses are then further classified according to the relevant KBLI, as addressed in detail under Appendix I to Regulation 8/2020.⁴

The abovementioned licenses must be secured by all applicants, which include individual business players, non-individual business players and representative offices. Non-individual business players comprise the following parties:⁵

- a) Limited-liability companies;
- b) General enterprises (*perusahaan umum*);
- c) Regional general enterprises;
- d) Other legal entities owned by the state;
- e) Public service agencies;
- f) Broadcasting institutions;
- g) Business entities established by foundations;
- h) Cooperatives;
- i) Limited partnerships (*commanditaire vennootschap*);
- j) Firma partnerships (*vennootschap onder firma*); and
- k) Civil partnerships.

It should be noted that business players operating within the trade sector and which are categorized as micro- and small-scale individual business entities are required to obtain specific micro- and small-scale business licenses. Said licenses are issued and regulated in accordance with the various laws and regulations applicable to micro-, small- and medium-scale enterprises.⁶

By way of comparison, Regulation 77/2018 did not address any of the following areas under its framework:⁷

1. Clarification that commercial/operational licenses are required in certain cases;
2. Incorporation of representative offices onto the list of eligible license applicants within the trade sector;
3. Details on the types of non-individual applicants; and
4. The requirement for micro- and small-scale individual business players to obtain micro- and small-scale business licenses.

⁴ Art. 4, Regulation 8/2020.

⁵ Art. 5, Regulation 8/2020.

⁶ Art. 6, Regulation 8/2020.

⁷ Compare Arts. 2-3, Regulation 77/2018 with Arts. 4-6, Regulation 8/2020.

Business Licensing Services

Business licensing services at the Ministry comprise the following aspects:⁸

1. Registration

Any business players which are aiming to obtain licenses for the trade sector are first required to secure Business Identity Numbers (*Nomor Induk Berusaha* – “**NIB**”), as issued by the OSS Agency. Upon obtaining NIB, business players are then required to obtain business licenses. Business players which have secured both NIB and business licenses may also be required to obtain commercial/operational licenses. If this requirement is not applicable, then business licenses will simultaneously function as commercial/operational licenses.⁹

2. Issuance of Licenses and Procedures for the Fulfilment of Commitments

The OSS Agency issues business licenses based on commitments via the OSS system. In order for such licenses to be deemed effective, business players are required to fulfill their commitments through the OSS system, which has now been fully integrated into the SIPERDAG.¹⁰

Commitments generally refer to infrastructure-related requirements and/or other requirements, as addressed under the relevant applicable laws and regulations, and result in the following license type classifications:

Business License ¹¹		Effective Procedure ¹²
Type	Commitment/Requirement	
1	Without commitment fulfillment	Licenses are valid upon their issuance or upon the fulfillment of infrastructure-related requirements (if applicable).
2	With technical requirements	<ol style="list-style-type: none"> 1. A business player submits documents evidencing compliance with the relevant requirements via the OSS system, which has now been integrated into the SIPERDAG; 2. SIPERDAG will then notify the relevant work unit of the compliance and said work unit will then evaluate the submitted documents in order to determine if the compliance is ultimately approved or rejected; 3. SIPERDAG will then send notification regarding approval or rejection via the OSS system and the OSS

⁸ Art. 7, Regulation 8/2020.

⁹ Art. 8, Regulation 8/2020.

¹⁰ Arts. 9 (1) and 11, Regulation 8/2020.

¹¹ Art. 12, Regulation 8/2020.

¹² Arts. 14-17, Regulation 8/2020.

		Agency will then subsequently issue an effective business license if the compliance has been approved.
3	With fee requirement	<ol style="list-style-type: none"> 1. A business player submits an application regarding the fulfillment of the requirement (i.e. payment of non-tax state revenue); 2. SIPERDAG will then notify the relevant work unit of the application and issue a payment order to the business player; 3. The business player should then complete the payment within three business days of the issuance of the relevant payment order and confirm that the payment has been made through SIPERDAG; 4. SIPERDAG will then issue a notification via the OSS system and the OSS Agency will then subsequently issue an effective business license.
4	With technical and fee requirements	<ol style="list-style-type: none"> 1. A business player submits documents evidencing compliance with the relevant requirements which are to be processed in accordance with the procedure for the Type 2 business license described above; 2. Once compliance has been approved, SIPERDAG will then issue a payment order which must be settled in accordance with the procedure for the Type 3 business license described above; 3. The OSS Agency will then issue an effective business license accordingly.

Meanwhile, the OSS Agency will issue commercial/operational licenses via the OSS system if business players have fulfilled the relevant commitments relating to their business licenses, provided that said business players also fulfill the relevant infrastructure licensing requirements if their commercial/operational activities require certain infrastructure.¹³ Procedures for the fulfillment of commitments in relation to commercial/operational licenses are similar to the procedures for business licenses, as outlined above.¹⁴

¹³ Art. 10, Regulation 8/2020.

¹⁴ Compare Arts. 18-24, Regulation 8/2020 with Arts. 11-17, Regulation 8/2020.

It should be noted that any business players aiming to secure commercial/operational licenses for import/export activities will be able to obtain lists of the various commitments that must be fulfilled via SIPERDAG and the Indonesia National Single Window (“INSW”). Commitment fulfilments must be completed through the following parties:¹⁵

1. If the INSW has not yet applied the single submission system: SIPERDAG, which will send fulfillment notifications via the OSS system and INSW;
2. If the INSW has already applied the single submission system: INSW, which will forward fulfilments to SIPERDAG for verification and subsequent notification via the OSS system if the verification stage is passed.

3. Supervision

The Minister and the Head of the Futures Exchange Supervisory Board (“**Bappebti**”) will supervise the fulfillment of the business licensing commitments and/or obligations of business players, and/or business and/or operational activities for which business licenses have been obtained.¹⁶

The various provisions which address business licensing services at the ministerial level and at the provincial or regency/city level are substantially similar. However, the role of SIPERDAG, as applied at the ministerial level, is to be implemented by the Capital Investment and One-Stop Service Agency (*Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu*/DPMPTSP) at the regional level.¹⁷

Moreover, governors and regents/mayors responsible for the supervision of licensing services at the regional level and for the application type known as “*siCANTIK*” (*Aplikasi Cerdas Layanan Perizinan Terpadu Untuk Publik*), which is operated by regional governments and which has also been integrated into the OSS system, will notify the relevant business players regarding any follow-ups to any supervision processes.¹⁸

Previously, Regulation 77/2018 did not recognize SIPERDAG, neither did it specify the involvement of the INSW in relation to the processing of import/export business licenses.

Regulation 8/2020 has been in force since 10 February 2020. ^{AA}

¹⁵ Art. 25, Regulation 8/2020.

¹⁶ Art. 26 (1), Regulation 8/2020.

¹⁷ Compare Arts. 28-47, Regulation 8/2020 with Arts. 7-25, Regulation 8/2020.

¹⁸ Art. 48 (2) and (6), Regulation 8/2020.

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