

RISK-BASED BUSINESS LICENSING: THE MAIN CHANGES INVESTORS NEED TO KNOW

Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licensing

“GR No. 5/2021”
(Revoked)

Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing

“GR No. 28/2025”
(In effect as of 5 June 2025)

GR No. 28/2025 aims to provide more legal certainty to business players, particularly in relation to business process and service level agreements under risk-based business licensing. All risk-based business licensing is still carried out through the Online Single Submission (OSS) system.

Business Licensing Requirements

Business players must comply with (i) the basic requirements for Business Licensing (*Perizinan Berusaha* / “PB”) and/or (ii) the risk-based business licensing requirements to start and operate a business activity.



Business players must obtain a PB to carry out a business activity. PB is obtained after complying with the basic requirements. If relevant, business players must also obtain a Business Licensing to Support the Business Activity (*Perizinan Berusaha Untuk Menunjang Kegiatan Usaha* / “PB UMKU”) to complement the PB.

Basic Requirements for PB

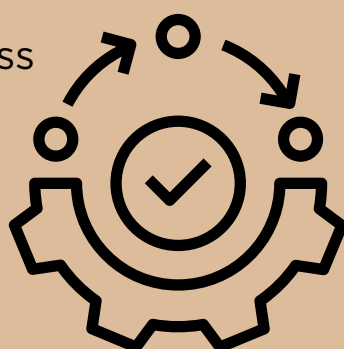
GR No. 5/2021 provides Conformity of Space Utilization Activity (*Kesesuaian Kegiatan Pemanfaatan Ruang* / “KKPR”), Environmental Approval (*Persetujuan Lingkungan*), Building Approval (*Persetujuan Bangunan Gedung*) and Function-Worthy Certificate (*Sertifikat Laik Fungsi*) as basic requirements only, without providing further elaboration on each such license, except for KKPR.

Unlike GR No. 5/2021, GR No. 28/2025 provides further elaboration on Environmental Approval (*Persetujuan Lingkungan*), Building Approval (*Persetujuan Bangunan Gedung*) and Function-Worthy Certificate (*Sertifikat Laik Fungsi*).



Business Stage

GR No. 5/2021 classifies business stage into (i) preparation (*persiapan*) phase and (ii) operational and/or commercial (*operasional dan/atau komersial*) phase.



GR No. 28/2025 classifies business stage into (i) starting a business (*memulai usaha*) phase (covering business legality and basic requirements fulfilment sub-phases and obtaining or applying for a PB sub-phase) and (ii) operating a business (*menjalankan usaha*) phase (covering preparation sub-phase and operational and/or commercial sub-phase).

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Examination During the Supervision of Business Standard Fulfillment

No provision on examination during the supervision of business standard fulfillment.



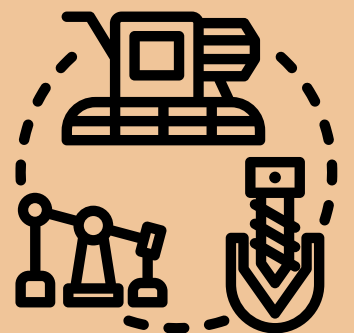
GR No. 28/2025 provides examination during the supervision of business standard fulfillment, but only for medium to low-risk businesses.

Additional Sectors

The sectors that are subject to risk-based business licensing include maritime and fishery, agriculture, environment and forestry, energy and mineral resources, nuclear power, industry, trade, public works and public housing, transportations, health, medicine and food, education and culture, tourism, religion, post, telecommunications, broadcasting and electronic systems and transactions, defense and security and employment.

GR No. 28/2025 adjusts the sectors in accordance with the Job Creation Law and introduces new sectors (legal metrology, creative economy, geospatial information, cooperatives and investment).

The sectors that are subject to PB and/or PB UMKU remain the same as those under GR No. 5/2021.



General Administrative Sanctions

GR No. 5/2021 does not provide general administrative sanctions.



GR No. 28/2025 introduces six types of general administrative sanctions, including warning, temporary suspension of business activities, administrative fines, enforcement action by authority, revocation of license/certificate/approval and/or revocation of any of the basic requirements for PB, PB and/or PB UMKU.