

BKPM PREPARES TO LAUNCH NEW VERSION OF ONLINE SINGLE SUBMISSION (OSS VERSION 1.1.) ON JANUARY 1, 2020

On October 17, 2019, the Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or “**BKPM**”) issued BKPM Letter No. 5743/A.8/B.1/2019 (“**Letter 5743**”) on Implementation Plan of a New Version of the Online Single Submission (“**OSS**”) System.

Letter 5743 is addressed to the relevant ministries and local Governments. Letter 5743 explains the launch of the new version of the OSS System, called OSS Version 1.1, on November 4 [Based on the Latest Announcement from BKPM, the launching date will be rescheduled to January 1, 2020]. In connection with the launch, there will be a suspension of the business licensing process from December 31 at 00:00 - 23:59 WIB.

In Letter 5743, BKPM instructs all Regional Governments to adjust their licensing systems in order to be able to integrate with the new OSS System for the purpose of ensuring compliance of the commitments of business licensing by the business actors.

The OSS Version 1.1 is an upgraded version of the current OSS System which is built by BKPM based on the evaluation of the deficiency and limitation of the current version and the development of the new database and the validation processes.

We set out below a summary of the differences between the OSS Version 1.1 and the current OSS System:

❖ Account Registration

In the current version of OSS System, the types of business actors (non-individuals, individuals, or representatives) are provided without any further explanation. The OSS Version 1.1 will explain the definitions of each type of the business actors.

❖ Business Licensing Stages

The stages of business licensing in the current OSS System is combined in a cycle, which comprises 5 (five) steps: (i) the notarial deed(s), (ii) data completeness, (iii) the business licenses, (iv) the business and commercial license commitments, and (v) the output.

The stages of business licensing in the OSS Version 1.1 will be divided based on the output of such stages which consist of the following steps: (i) legality of the data, (ii) Business Identification Numbers (*Nomor Induk Berusaha* or NIB), (iii) Business Licenses, and (iv) Operational or Commercial Licenses (*Izin Operasional/Komersial* or IOK).

❖ Legality of Data Entry Format

For the legality of the data entry format, the current OSS System only provides for one format, which is for a limited liability company (*Perseroan Terbatas* or PT). In the OSS Version 1.1, the legality of data entry format will be available for business entities (i.e., limited partnerships, firms, etc.) and legal entities (i.e., PTs, cooperatives, and foundations).

❖ **Main Activities and Supporting Activities**

In the current OSS System, there is no distinction between the main activity(ies) of a business and the supporting activity(ies). The OSS Version 1.1 accommodates the business actors to differentiate between the two groups, with different requirements for the main activities and supporting activities.

❖ **Location Permits**

The current OSS System only accommodates an application for a land location permit. The OSS Version 1.1 will be improved to also include land, water, and forest area location permits.

❖ **Business Licenses**

Business licenses in the current OSS System are only classified based their statuses: effective and ineffective. The OSS Version 1.1 will provide a list of requirements or infrastructure permits which have not been fulfilled for the relevant business licenses. The list will be updated automatically once the required documents have been uploaded.

The OSS Version 1.1 also provides the new features which cover merger business licenses.

❖ **Operational or Commercial Licenses (IOK)**

Under the current OSS System, BKPM only provides a pre-requisite list of commitments with regard to the IOK. The OSS Version 1.1 provides a cover letter once the commitments have been fulfilled by a business actor. This cover letter will confirm that the business actor is eligible to apply for the IOK based on the relevant ministries.

❖ **Validation**

Validation in the current OSS System includes: (i) Customs Registration Numbers (*Nomor Induk Kepabeanaan*), (ii) General Legal Administration (*Administrasi Hukum Umum*) deeds, (iii) Tax Identification Numbers (*Nomor Pokok Wajib Pajak*) of a company, a shareholder, and a spouse (if applicable), (iv) Detailed Spatial Plans (*Rancangan Detil Tata Ruang*), (v) the Negative Investment List (*Daftar Negatif Investasi*), (vi) the Indonesia Standard Business Classifications Code (*Klasifikasi Baku Lapangan Usaha Indonesia* or KBLI), and (vii) tax holiday. The OSS Version 1.1 will add the Special Economic Zone (*Kawasan Ekonomi Khusus*), and the company's deed into the validation process.

To validate a company's deed, the following requirements shall be met:

- the amount of the issued capital must be in the same with the amount of the paid-up capital;
- the total composition of the shares must match the issued and paid-up capital;
- a domestic capital investment (*Penanaman Modal Dalam Negeri*) company must not have any foreign shareholder; and
- at least two parties have been confirmed as the shareholders in a new deed of establishment.

❖ **Representative and Branch Offices**

In addition to a Foreign Company Trade Representative Office (*Kantor Perwakilan Perusahaan Perdagangan Asing* or KP3A), a Construction Service Business Entity (*Badan Usaha Jasa Konstruksi Asing* or BUJKA), a Foreign Franchise Registration Certificate (*Surat Tanda Pendaftaran Waralaba* or STPW), the OSS Version 1.1 will include a Foreign Company Representative Office (*Kantor Perwakilan Perusahaan Perdagangan Asing* or KPPA) in the types of foreign representatives.

The OSS Version 1.1 allows the business actors to register branch office for companies.

❖ License Revocation

In the current OSS System, revocation of a license may only be done by way of liquidation (i.e., the winding up of such company). However, in the OSS Version 1.1 the revocation of license can be done by way of liquidation and non-liquidation (i.e., only revoking the business license or the project while the entity will continue to exist).

❖ Total Investment Value

Unlike the current version of the OSS System which allows the total investment value based on a combination of investment for more than one business fields, provided that they have the same first 2 (two) digits of the KBLI codes, under the OSS Version 1.1, the total investment value will be calculated based on all 5 (five) digits of the KBLI codes.

This implementation is in accordance with the Negative Investment List which uses the 5 (five) digits of the KBLI codes. This is also for the benefit of the preparation of the investment realization that also uses the same method. Therefore, the business actors who have an NIB will need to adjust the total investment realization per 5 (five) digits KBLI under the OSS System Version 1.1. This means that any addition of a business field will be subject to an additional investment of more than Rp10,000,000,000.

❖ Notification of Fulfillment of Commitment

The OSS Version 1.1 provides a new feature on the validation process for the investment commitments which allows the Regional Governments to issue an approval notification per location project. This is an improvement from the current OSS System which cannot assess the fulfillment of commitments if such location project is located in the same district.

❖ Filter on Distribution Arrangements

The OSS Version 1.1 provides a filter for a distributor company (KBLI code 46) to not be able to also sell goods to consumers in retail nor engage any retailer activities (KBLI code 47).

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