



The Coordinating Ministry of Economic Affairs along with the Ministry of Foreign Affairs has held a Webinar discussing the Risk-Based Approach Business Licensing Process, Investment Priority List, and the Online Single Submission System (OSS) System on August 20th 2021.

Here it is explained how the Job Creation Law has brought a good impact on economic transformation as it is applied in the ease of business licensing process. The implementation on the ease of business licensing procedures was later realized, one of them by changing the Negative Investment List (*Daftar Negatif Investasi/DNI*) to the Positive Investment List (*Daftar Positif Investasi/DPI*) starting from 4th March 2021. This regulation is issued in Presidential Regulation (Perpres) No. 10 of 2021 concerning the Investment Business Sector, and replaces the Perpres No. 44 of 2016 concerning List of Closed Business Fields and Business Fields Open with Requirements in the Investment Sector.

The general principle of DPI is that Indonesian business sector is open to 100% foreign investment unless it is subjected to a specific type of limitation. The DPI focuses on providing a list of priority business fields or businesses, including National Strategic Projects (PSN), the latest technology, pioneering industries, export-oriented industries, as well as research and development.

By that, Indonesia then classified business fields into four categories of DPI, including;

1. Priority sectors – 245 business lines open for foreign investment
2. Business fields that stipulate specific requirements or limitations — 46 business lines open
3. Businesses fields open to large enterprises, including foreign investors, but are subject to a compulsory partnership with cooperatives and micro, small, and medium-sized enterprises (MSMEs) — 51 business lines open
4. Business fields reserved for cooperatives and MSMEs (not open to foreign investment) — 112 business lines.

Important sectors that had previous foreign ownership restrictions, which have now been lifted include telecommunications, transportation, energy, distribution, and construction services.

According to the Minister of Finance, Sri Mulyani Indrawati, investors who invest in priority sectors can get fiscal and non-fiscal incentives. From the fiscal side, tax holiday facilities, tax allowances, investment allowances, superdeductions, and import duty exemptions are provided. Meanwhile, non-fiscal incentives are provided in the form of business licensing and supporting infrastructure facilitation, availability of raw materials guarantee, immigration, employment, and other facilities.

In addition to the fiscal facilities regulated in Perpres No. 10 of 2021, the authority also provides a mix of other fiscal incentives to encourage investment, such as income tax (PPh) facilities, customs duties, value added tax (PPN), and other special fiscal facilities for businesses that are in Special Economic Zones (SEZs).

Reference:

- The Presidential Regulation Number 10 of 2021 concerning the Investment Business Sector along with its attachment of the Positive Investment List

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id. Thank you for your attention and hope this information would be valuable for you.

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