

1. HOW TO ESTABLISH LOCAL COMPANY / PT PMDN ?

Documents Package :

- 1) Request of PT name of Minister of Law and Human Rights.
- 2) Deed of Establishment.
- 3) Certificate of Minister of Law and Human Rights.
- 4) Workers Social Security Agency (BPJS).
- 5) Certificate of Company Domicile.
- 6) Tax Identification Number (NPWP).
- 7) Trade Business License.
- 8) Company Registration Certificate (TDP).

Requirements Documents :

- 1) KTP or ID Director.
- 2) KK Director.
- 3) NPWP Director.
- 4) Photograph 3x4 (4 pieces).
- 5) Certificate of RT/RW.
- 6) Copy of Land and Building Tax (PBB) Latest Year.
- 7) Copy of Building Lease Agreement.
- 8) Certificate of Domicile.

Procedure Establishment Local Company :

- 1) Request of PT Name to Ministry of Law and Human Rights of RI.
- 2) Deed of Establishment PT and Article of Association.
- 3) Legalization of Article of Association by Ministry of Law & Human Rights of RI.
- 4) Certificate of Domicile of a Company.
- 5) Register Tax Identification Number.
- 6) PT registered letter to Local Government or TDP.

2. WHY TO INVEST IN INDONESIA ?

Of course there are a lot of reasons to invest in Indonesia, for a start, we will share you the five big reasons to invest in this beautiful country.

- 1) Huge potential sizeable domestic market.
- 2) Vast, highly diversified natural resources.
- 3) Competitive and productive laborforce.
- 4) Strong economic base.
- 5) Beautiful and friendly atmosphere.

3. HOW TO CHOOSING LINE OF BUSINESS ?

Choosing line of business is very important thing because it will determine your business classification because not all of the investment sector in Indonesia is open to foreign investors, so you need to access the Negative Investment list. If a sector partially closed for foreign investment, you need to have local partner in order to engage in business in that particular sector.

4. HOW TO DETERMINE BUSINESS LOCATION ?

Before establishing PT PMA you have to determine your business location where it must be detailed. If your office in a house or shop you have to provide certificate of RT/RW. If your office in the office lease you have to provide Copy of Land and Building Tax (PBB) Latest Year and Copy of Building Lease Agreement. Moreover, you have to provide copy of Certificate Domicile and Building Permit (IMB).

5. HOW MUCH MINIMUM INVESTMENT PLAN AND PAID-UP CAPITAL ?

The new regulations from BKPM clarifies the minimum investment as well as capitalization requirements for PMA companies. It is now expressly provided that PMA companies must have at least :

- A start-up minimum investment value of at least IDR10,000,000,000 (ten billion Rupiah) excluding value of land and building with a minimum issued and paid-up capital of IDR2,500,000,000 (two billion and five hundred million Rupiah) or the equivalent in US Dollars;
- A minimum of IDR10,000,000 (or its equivalent in US Dollars) in share capital held by each shareholder.

6. HOW TO DETERMINE PERCENTAGE OF SHAREHOLDERS ?

In setting up company is required at least two responsible where one become director and the other one become commissioner. The director become full responsible both inside and outside of the office, while commissioner supervising director. When determining the distribution of shares you have to consider of the line of business, and you can see it in the KBLI, because not all of the business sectors can be established by foreign investors so some of them need local people for establishment.

8. HOW TO DETERMINE SIUP / TRADE BUSINESS LICENSE ?

SIUP / Trade Business License is a license to conduct business activity in which it must be owned by people or entities that have trading business. SIUP also serves as a tool or evidence of ratification of trading business. Before

establishing PT PPMDN / local company you have to consider in size of company that you want to build, in this condition you can see the capital stock from SIUP / Trade Business License.

Kinds of SIUP	Capital Stock
Micro	10 - 50 million
Small	50 - 500 million
Medium	500 million – 10 billion
Large	More than 10 billion

In according to Article 4 clause (1) letter C Regulation 46/2009, there are exceptions to the obligation to have micro SIUP with the following criteria:

- Individual venture or partnership;
- The business activities managed, operated, or maintained by their owners or close family members; and
- Have a net worth of at most 50,000,000, - not including land and buildings.

Usefulness of SIUP :

- As a validation tool that is given by the government, resulting in business activity does not occur licensing issues.
- By having a Trade Permit to facilitate the export and import trade
- As a condition to take part in auctions held by the government.

9. HOW MUCH INCOME TAX SHOULD BE PAID ?

According to Article 17 Clause 1 of Law No.36 Year 2008, personal income tax rate calculation using the following progressive rates

The Tax Rate for Individual(s):

Net Tax	Tax Rate
50 million	5%
50 – 250 million	15%
250 – 500 million	25%
More than 500 million	30%

The Tax Rate for Corporate(s):

Year	Tax Rate
2009	28%
2010	25%

Limited Company which 40% of their shares trade in stock exchange market	5% lower than normal rate
Gross turnover up to Rp.50.000.000.000	50 % deduction from normal rate

The normal tax period is January to December. If corporate taxpayers would like to use a different tax period, e.g. July to June, they would have to obtain an approval from the Director General of Tax (DGT) and then maintain the approved tax period consistently.

10. WHAT IS DIFFERENCE BETWEEN WORK PERMIT AND VISA ?

A business visa is used for business trips, such as short courses, seminars, trainings, and meetings. A work permit is used for you to work full-time and receive salary in the country that issues the permit.

If you are a Director/Commissioner in an Indonesian-registered company and plan to stay in Indonesia, you need to get a work permit (IMTA). This is even if you do not receive a salary from your position as a Director/Commissioner. If you are a Director/Commissioner (in an Indonesian-registered company) who live outside Indonesia, yet frequently visit Indonesia under a business visa, you will need to secure a work permit (IMTA) as well.

11. WHAT ARE THE GENERAL REQUIREMENTS OF OBTAINING A WORK PERMIT ?

From Article 36, Government Regulation No. 35, Year 2015:

- An educational background related to the position you are going to assume in Indonesia;
- A certificate of competence, or 5 years working experience related to the position (a letter of reference is sometimes required);
- Proof of health/life insurance for your whole stay in Indonesia.

The general requirements do not specify any age limitation. Taking this into account, you can be eligible for a work permit (IMTA) at basically any age — even as young as 21 years old — provided that you already possess at least 5 years of work experience.

Requirements for artists (impresarios), or for foreign workers assuming an urgent or temporary position, may differ. More specific rules may also apply depending on your respective industry.

If you work in the Oil and Gas Industry, for example, you are required by Regulation no. 31, year 2013 from the Indonesian Ministry of Energy and Mineral Resources to be of 30-55 years of age.

This age restriction need not apply if you occupy the highest-level position in your company, such as Director or Chief of the Representative Office; or the position of a Commissioner. It also does not apply if you possess “*a very specific expertise crucial to your company/institution*”.

12. HOW LONG WILL MY WORK PERMIT (IMTA) LAST ?

The answer to this question will depend on your type of industry. If you are a foreign expert from a service, trading, or consulting company, you will be granted a 6-month (as opposed to the previous 1 year) work permit recommendation.

The same rule applies for foreign workers in sectors related to machinery installation and maintenance, whose education is at high school or vocational level.

Commissioners, directors, and foreign staff at the managerial level and Chief of Representative Office will still be eligible for a 12-month work permit.

13. HOW TO EXTENDING IMTA, KITAS AND CIVIL REGISTRATION DOCUMENTS?

The process of extending your work permit, KITAS, and Civil Registration documents is almost similar to that of getting the new ones. For extension, however, you will not need to exit Indonesia and obtain another limited stay

permit (VITAS). This exemption is only applicable for the holders of a 12-month work permit (IMTA) and limited stay permit card (KITAS).

You cannot extend a 6-month IMTA and KITAS. If you are a holder of these documents, before their expiration you will need to do a re-newal process, and in advance of the renewal, you will need to exit Indonesia as a part of an Exit Permit Only procedure.

Due to the fast-changing nature of Indonesian government regulations, we suggest you to start preparing for your extension at least 2 months before the expiration date of your IMTA, KITAS and Civil Registration documents.

15. WHAT KIND OF VISA THAT I NEED ?

You need working visa for the purpose of working for foreign investment and or employment as an expatriate expert the private sector.

How to get this visa?

The documents from sponsorship and applicant shall be submitted to the Labor department and Director General Immigration of Indonesia to get an approval of Expatriate Placement Plan (RPTKA), recommendation TA01, and a recommendation of Calling Visa, at the time of waiting for Calling Visa, the applicant must be outside of Indonesia. This procedure will take processing time at approximately 8 weeks working days.

As soon as all approval is granted, visa application shall be submitted to a nominated embassy of Indonesia at your home country or overseas. Process of visa application is generally taking at approximately 7 working days, however, considering that every each embassy of Indonesia has different policy we will suggest you to look for more information to your closest embassy of Indonesia before applying for visa.

Once your visa application approved, your visa must be used within 90 days from the date of issue to entering the country of Indonesia and reporting your

arrival time within 7 days to local Chief Immigration of Local/Office that covers the area of applicant's residence to continue on next step to process of KITAS.

This procedure will take processing time at approximately 4 weeks working days and at the time of process, you would be required to attend to local Immigration Office to have photos taken and signed in front of Immigration Officer.

15. IMPORTANT THINGS MUST BE CONSIDERED IN ESTABLISH COMPANY!

- 1) Location (location of establishment of companies must be detailed).
- 2) Line of Business.