

# Client Alert

The Indonesia Coordinating Ministry for Economic Affairs and the Ministry of Law and Human Rights issued a joint announcement that requires companies to adjust their company's Articles of Association to be in line with the OSS Regulation and 2017 KBLI.

As part of President Joko Widodo's licensing reform program to increase ease of doing business in Indonesia by simplifying the licensing procedure and bureaucracy, the Government of the Republic of Indonesia issued the Government Regulation No. 24 of 2018 regarding Electronically Integrated Business Licensing Services ("GR 24/2018"), which introduces the Online Single Submission ("OSS") on June 21st, 2018.

## **Online Single Submission System**

The OSS system will be the integrated and single gateway for the issuance of licenses in Indonesia. Licenses which were previously processed and issued by different ministries, government agencies or regional authorities can be processed through the OSS system. The OSS system will be administered by an OSS institution, which is a non-Ministerial government agency responsible for investment coordination. However, until OSS institution referred to in GR 24/2018 is officially regulated by Coordinating Minister for Economic Affairs, the OSS system is temporarily administered by the Coordinating Ministry for Economic Affairs.

## **Transitional Period & NIB**

GR 24/2018 is effective upon its issuance. Any business license that has been applied before the issuance of this regulation will be processed through the OSS system, and any licenses that are under the realm of OSS but were issued by Indonesia Investment Coordinating Board between June 21<sup>st</sup> 2018 to June 28<sup>th</sup> 2018 are considered null and void; therefore require resubmission through OSS system.

In order to obtain licenses under this system, business entities must first register themselves at the OSS web portal [www.oss.go.id](http://www.oss.go.id) to obtain a unique Business Identification Number (*Nomor Induk Berusaha* or "NIB"). NIB will be valid as long as the business entity conducts its business, unless it is revoked by the OSS institution.

## **Adjustment of Articles of Association**

The OSS institution together with the Ministry of Law and Human Rights ("MOLHR") have just issued a joint announcement on October 11th, 2018.

The announcement requires the companies who

already obtained their legal entity status from MOLHR to adjust their Articles of Association ("AoA"), specifically, the purpose and objective of the company to conform to the 2017 Indonesia Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha* or "KBLI") within 1 (one) year as of the date of the announcement.

Moreover, investors that are planning to establish new company, are required to make sure that the company's AoA includes every single business activities carried out by the company in accordance with 2017 KBLI.

It is to be noted that failure to comply with this requirement after the one-year period will result in the suspension of the company's NIB, hence making the company prohibited to carry out their business activity in Indonesia.

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