

FOREIGN INVESTMENT POLICIES UPDATE

BKPM has recently introduced several policies affecting new and existing foreign investors.

To follow up the article on this in M&T Newsletter 29, with effect from 1 December 2014 BKPM now only accepts applications from companies that have created a Company Folder. BKPM will use this (electronic) Company Folder to store a company's standard corporate documents, such as the articles of association, Taxpayer Registration Number (NPWP), Letter of Domicile, Company Registration Certificate (TDP), business licenses issued by BKPM/technical departments, etc. As these documents will be stored online, they will no longer have to accompany any application submitted to BKPM. This will save quite a bit of administrative work in respect of BKPM applications. Companies who have not yet submitted an application to BKPM to create the Company Folder should now do so.

Another policy change in BKPM is that as from 15 December 2014, BKPM requires all submissions of applications to obtain BKPM approval (investment licenses or non-licenses) to be done online, using the system developed by BKPM (SPIPISE). This requirement, however, is not applicable for applications relating to the importer's identification number and foreigners' work permits.

Another new (unwritten) policy affecting foreign investment appears to be under implementation by the Ministry of Employment (the new name for the former Ministry of Manpower). Many companies seem to have received letters or been told that overseas resident foreign directors should obtain a work permit notwithstanding their residing outside of Indonesia. This policy does not yet appear to be consistently enforced and has a number of uncertainties. However, it does appear to be gaining momentum and there have been a couple of cases where there the Ministry of Employment has even stated that such persons should not be directors at all if they are resident overseas. This would certainly require many companies to rethink their manpower deployment strategies. We will keep you updated.