

Risk Based Business Licensing: the New Approach by the Government of Indonesia to Attract More Investment

With the ongoing global pandemic affecting our economic nationwide in 2020, the Indonesian Government has issued Omnibus Law in 2020 to attract more investment as part of our national economic recovery program. There are numbers of current implementing regulations affected by the Omnibus Law and we have seen quite a significant number of new regulations issued by the Government to amend or replace the current ones.

Business licensing, being the gateway to do business in Indonesia, also receives some changes in order to facilitate the investment climate in Indonesia intended by the Omnibus Law. Earlier this year, the Government issued Government Regulations No. 5 of 2021 on Risk Based Business Licensing aimed to simplify licensing procedure according to the risk classification. The general idea is that lower risk business activities should have less compliance requirements so that the business may commence commercial activities sooner.