



## Reminder - Requirement in The OSS System for Companies to Adjust their Business Classification Code (KBLI)

Due to discrepancies between the data of limited liability companies in the Legal Entity Administration System (*Sistem Administrasi Badan Hukum* – “SABH”) of the Ministry of Law and Human Rights which still uses the previous KBLI and in the Online Single Submission (“OSS”) system of the Coordinating Ministry for Economic Affairs which uses the 2017 KBLI (the latest KBLI) that is causing the OSS system to be unable to show the company’s data recorded in the SABH in the company’s folder in the OSS system, on 11 October 2018, the Coordinating Ministry for Economic Affairs through the OSS agency and the Ministry of Law and Human Rights (“MOLHR”) through the Directorate General of General Legal Administration issued a joint notice in their websites (<http://portal.ahu.go.id/id/detail/40-pengumuman-penting/2085-pengumuman>) requiring limited liability companies to adjust their Business Entity Numbers (*Nomor Induk Berusaha* – “NIB”) to the 2017 KBLI.

This joint notice requires a limited liability company that has obtained its NIB but has not adjusted its purpose and objectives in its Articles of Association to the 2017 KBLI, to adjust its purpose and objectives so that they can be recorded in the MOLHR system (SABH) within 1 (one) year. It is not clear in either the joint decree or the note in the NIB when the 1 (one) year time limit should be counted from. From some discussions, we understand that it is usually counted as of the issuance date of the NIB. In practice, some NIBs may include the following note:

*“The NIB of a Company will be frozen if within a period of at most 1 (one) year it does not adjust its purpose and objectives and its business activities to the 2017 KBLI through the SABH Directorate General of Administration of General Legal Affairs. The adjustment is made through amendments to the Articles of Association of the company as stated in Article 21 (2) of Law Number 40 of 2007 on Limited Liability Companies, which requires approval from the Minister (Minister of Law and Human Rights).”*

Given this, if your company has not adjusted its Articles of Association to comply with the above requirement, you should consider making the required adjustment by the deadline.

The adjustment to a company’s purpose and objectives in its Articles of Association to the 2017 KBLI requires resolutions of the General Meeting of Shareholders (“GMS”). In current practice, the adjustment is apparently still necessary even if the company’s current KBLI is the same as the 2017 KBLI. If so, the company’s GMS needs to restate its purpose and objectives in the GMS resolutions. The procedure for the adjustment is the same as for amending the company’s Articles of Association, ie after the GMS approving

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the amendments, the amendments (in notarial deed form) must be submitted to the MOLHR for its approval. Once the MOLHR approval has been issued, through the system, the data in the company's folder in the OSS system should also have been adjusted.

As noted above, according to the joint notice, if a limited liability company fails to adjust its Articles of Association within the time limit, its NIB will be suspended. We understand that to date no automatic suspension has ever been imposed. However, since it is possible that the OSS agency officials may conduct a dawn raid or introduce new policies on the deadline for adjusting the KBLI, we encourage companies to make the required adjustments to their purpose and objectives in their Articles of Association as soon as possible. Please contact your usual lawyers for assistance with the adjustments.

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