August 2026

Market Entry – Business Establishment and Immigration

Setting up a legal presence and securing the right to live and work in Indonesia.
Prepared in collaboration from Mangatur Nainggolan Law Firm.

In brief

A foreign company cannot do business in Indonesia without first setting up a registered local presence, and foreign staff cannot work there without a stay permit sponsored by that presence. This chapter explains both processes and how they connect.

The standard vehicle for foreign investors is the PT PMA, a limited liability company that may be fully foreign-owned in most sectors. Since October 2025, the minimum paid-up capital is IDR 2,5 billion, while the total investment plan must still exceed IDR 10 billion per line of business. Setting up the company typically takes four to six weeks. Work and stay permits for foreign staff follow a separate track, and the authorities have enforced both regimes considerably more strictly since 2024.

The first step in either process is the same: check how the intended business activity is classified under Indonesia's KBLI code system, which was itself replaced by a new version in December 2025. That classification determines how much of the company foreigners may own, which licenses it needs, and whom it may employ. Ownership rules are national, but zoning and licensing practice are regional, so the intended location matters as much as the activity. Exact legal references and a table of stay permit designations are collected in the appendices at the end of this chapter, and section 4 notes where outside support is worth engaging.

Fast facts

The figures below summarize the current thresholds and reference points for business establishment and immigration compliance.

Key rules	The Investment Law and the Immigration Law, both recently tightened; full citations in Appendix A
Responsible authorities	Ministry of Investment and Downstreaming/BKPM (OSS licensing) Ministry of Law (deed ratification) Directorate General of Immigration (visas and stay permits) Ministry of Manpower (foreign worker approvals)
Typical timeline	PT PMA establishment: 4–6 weeks work permit and stay permit thereafter: depending on route and advisor

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Business classification	KBLI 2025, in force since 18 December 2025, replacing KBLI 2020
Key thresholds	Minimum paid-up capital IDR 2,5 billion total investment plan above IDR 10 billion per business line
Recurring cost	Foreign worker levy (DKP-TKA): USD 100 per foreign employee per month
Key deadline	Paid-up capital to be deposited within 60 days of the deed of establishment
Last reviewed	August 2026

1. Why this matters

Business establishment and immigration are the two gating processes of market entry. Nearly every later step — tax registration, import licensing, product certification, hiring, opening a bank account — depends on the company first holding a Business Identification Number (NIB), issued through the government's online licensing system (OSS), and on its foreign staff holding stay permits that match their actual role. Companies that sequence these processes correctly can be operational within a quarter; companies that do not commonly lose months to relicensing or visa corrections.

The stakes have risen. A 2024 tightening of the immigration rules expanded the authorities' enforcement powers and lengthened entry bans, and the Ministry of Manpower has stepped up sanctions against companies whose foreign employees work outside an approved foreign worker plan. Getting the framework right at the outset is therefore not administrative housekeeping; it is the foundation on which the rest of an Indonesian market entry rests.

2. The regulatory and market landscape

2.1 Setting up a company through the OSS system

All business licensing runs through the Online Single Submission system (OSS), a government portal that assigns each business activity a risk level and a set of licensing requirements. Every activity is classified under a KBLI code, and each code carries its own rules. The system is open by default: a sector permits full foreign ownership unless it appears on a list of restricted or closed activities. But, a number of sectors carry ownership caps, partnership requirements, or are reserved for domestic enterprises, so the KBLI check should always come first.

The classification itself was overhauled in December 2025, when KBLI 2025 replaced KBLI 2020. It adds a category, expands to just over 1 500 classes, and splits or merges a substantial number of existing codes, with new classes for data centers, digital platforms, carbon capture, and artificial intelligence. Companies already registered under the old codes were given a transitional period to migrate, reported to have closed on 18 June 2026. Any entity established before 2026 should verify that its registered codes, OSS record, and deed of establishment still align. New entrants should work from the 2025 list only — guidance and advisory material based on KBLI 2020 remains in wide circulation.

The foreign investment vehicle is the PT PMA, a limited liability company with at least two shareholders, one director, and one commissioner. Since October 2025, the minimum paid-up capital is IDR 2,5 billion, reduced from the previous IDR 10 billion; the total investment plan must still exceed IDR 10 billion per business line. The company is established by a deed signed before a notary, ratified by the Ministry of Law, and registered in OSS, which issues the NIB and tax registration. The process typically takes four to six weeks; sectors requiring additional operating licenses take longer.

2.2 Visas and stay permits

Indonesia recognizes five categories of residence permit: diplomatic and official permits, the visit stay permit (ITK), the limited stay permit (ITAS, commonly called KITAS), and the permanent stay permit (ITAP). Within each category, an index code identifies the purpose of stay; the codes relevant to business establishment are set out in Appendix B. The permit held determines what a foreign national may lawfully do in the country — residing and working are separate authorizations, and holding one does not grant the other.

The rules were tightened in 2024: immigration officials received broader powers, entry bans can now run up to ten years (extendable), and overstaying costs IDR 1 million per day. At the same time, the system has been digitalized — visas and stay permits are now issued electronically through the immigration portal. A useful new instrument is the bridging visa, which lets a foreign national remain in Indonesia for up to 60 days, non-extendable, while switching from one stay status to another without leaving the country.

2.3 Employing foreign nationals

A residence permit alone does not confer the right to work. Before any visa application, the employing company must have its foreign worker utilization plan (RPTKA) approved by the Ministry of Manpower. Foreign workers may only be employed to fill expertise not available in the Indonesian workforce, and certain positions — notably in personnel functions — remain closed to foreign nationals. The approval now runs in two stages, a feasibility assessment followed by formal attestation, and both must be completed before the immigration process can begin. Exemptions exist for certain activities and categories of employment, including for directors and commissioners who are also shareholders.

The standard work stay permit (E23) requires the applicant to demonstrate relevant professional experience, and the employer pays a monthly levy (DKP-TKA) of USD 100 per foreign employee. Enforcement has intensified: the Ministry has imposed substantial administrative fines on companies whose foreign staff worked without an attested RPTKA.

2.4 Spouses and dependents

A foreign national holding a work or investor stay permit may sponsor immediate family. Dependent permits cover the spouse and children under 18, and in some cases the permit holder's parents. Each family member holds a permit in their own name, sponsored by the principal; the designations are set out in Appendix B. A separate route exists for the foreign spouse of an Indonesian citizen, sponsored by that citizen rather than by an employer.

Two features matter for planning. First, dependent permits mirror the principal permit: they carry the same validity and lapse when it lapses or is cancelled, so renewals have to be managed as a family unit rather than one permit at a time. Second, a dependent permit is a residence permit only and does not confer the right to work. A spouse who intends to take up employment in Indonesia needs their own RPTKA and work stay permit through an employer, on the same terms as any other foreign hire; two permits can run in parallel within one family. A rule change in June 2025 relaxed the previous prohibition on dependent permit holders receiving compensation, but it did not remove the requirement for a work permit to hold local employment.

In practice the binding constraint is documentation rather than eligibility. A marriage certificate issued outside Indonesia must be apostilled in the country of issue, translated into Indonesian by a sworn translator registered in Indonesia, and registered with the Indonesian civil registry or an Indonesian embassy or consulate abroad. Children's birth certificates are treated the same way. Each step takes time, and the registration requirement is the one most often overlooked. Families should begin assembling and legalizing these documents when the principal's RPTKA process starts, not when the visa is issued. Children who turn 18 during a posting need a separate basis to remain.

3. Options and requirements

A foreign company can establish its presence through three main routes, differing in what they permit, what they cost, and how quickly they can be unwound. The choice also determines which stay permits the entity can sponsor.

	PT PMA	Representative office (KPPA/KP3A)	Distributor or agent
Suitable for	Full commercial operations: sales, hiring, importing, invoicing	Market study, liaison, and promotion before committing capital	Selling into Indonesia without a local presence
Ownership / scope	Up to 100 % foreign-owned, subject to sector restrictions	No revenue-generating activity; no sales contracts in Indonesia	No control over the local market; imports in the partner's name

	PT PMA	Representative office (KPPA/KP3A)	Distributor or agent
Timeline	4–6 weeks	2–4 weeks	Contract negotiation only
Key constraint	Capital thresholds and quarterly investment reporting (LKPM)	KPPA limited to provincial capitals; must convert to PT PMA to trade	Distribution agreements can be difficult to exit; see local counsel

For personnel, the main routes are the work stay permit (E23), sponsored by the employing entity and requiring an attested RPTKA, and the investor stay permit (E28A), available to foreign shareholders holding at least IDR 10 billion in personal shareholding who serve as director or commissioner. The investor route does not require a separate work permit for duties within the sponsoring company. For larger commitments, the golden visa category (E28B) offers stays of five to ten years against investment thresholds starting at USD 2,5 million. Spouses and children under 18 may accompany the principal holder under dependent permits, as set out in section 2.4.

4. Practical considerations

4.1 Sequencing and documentation

Sequencing matters more than speed. The entity must exist before it can sponsor anyone: deed, ratification, NIB, and bank account come before any work permit application, and the paid-up capital must be deposited within 60 days of the deed. Companies that book expatriate arrivals before the RPTKA attestation is in hand routinely find staff waiting offshore or, worse, working on the wrong visa. The bridging visa has removed the need to leave the country when changing status, but at 60 days, non-extendable, it is not a substitute for planning.

Documentation discipline pays. Indonesian authorities match names, dates, and corporate details across systems that do not talk to each other; a passport name spelled differently in the deed, or a KBLI code that does not match the described activity, can stall an application for weeks. Passport validity requirements are longer than many applicants expect — a two-year stay permit requires 30 months of remaining validity. Finally, establishment is not the end of the obligation: PT PMAs file quarterly investment realization reports (LKPM), and neglecting them can lead to suspension of the NIB.

4.2 Regional variation

Indonesia is not one regulatory market. Foreign ownership limits, capital thresholds, and the immigration and foreign worker regimes are set centrally and apply uniformly across the country. Much of what determines whether a company can actually operate at a particular address, however, is decided regionally.

Spatial planning is the clearest example. Provinces and regencies draw up their own plans, refined down to individual land parcels, and these determine which activities are permitted where. Since the 2025 licensing reform, spatial planning is integrated into OSS and a conformity approval (KKPR) gates the rest of the licensing chain. An activity that is nationally open to full foreign ownership can therefore still be refused a license at a given address, because local zoning does not allow it there. Administration differs as well: Jakarta operates a single provincial framework, while in Bali zoning is handled at regency level, and the districts attracting the most foreign investment are also those enforcing most actively.

Some regions operate under distinct legal regimes. Aceh has special autonomy and legislates by regional ordinance (qanun), including in financial services, which affects how a company banks locally; Papua likewise holds special autonomy status. Yogyakarta restricts Indonesians of foreign descent from holding freehold land title. Free trade zones such as Batam, Bintan, Karimun, and Sabang, and the designated Special Economic Zones, carry their own customs and tax treatment. Sector-specific regional restrictions also exist — Bali limits new tourism accommodation on agricultural land across several districts. Costs vary too: minimum wages are set by province and regency, as are a range of local taxes and levies.

Administrative practice follows the same pattern. Representative offices (KPPA) are restricted to provincial capitals, processing times differ between immigration offices, and Jakarta-based assumptions do not always hold in Surabaya, Medan, or Bali.

4.3 Where to seek outside support

Few companies run these processes entirely on their own, and some support is built into the system: the deed of establishment must be executed before an Indonesian notary. Beyond that, three kinds of advisers are commonly engaged. A corporate law firm or licensing consultant assists with KBLI selection, shareholding structure, and OSS registration — most valuable in sectors with ownership caps or additional operating licenses. Specialized immigration agents handle RPTKA and visa filings day in and day out, and know how practice differs between regional immigration offices. Corporate secretarial and accounting providers keep the recurring obligations — LKPM reports, levy payments, permit renewals — from being forgotten once the entry team has moved on.

Because zoning and licensing practice are regional, advisers should be chosen with the intended location in mind: a firm with a strong Jakarta record is not automatically the right choice for a project in Bali or Batam, where the binding constraints are local. Outside support is particularly worthwhile for a first entity in Indonesia, in restricted sectors, when staff must arrive by a fixed date, or when operating outside Jakarta. The cost of good advice is small against the months that relicensing or a visa correction can consume.

SwedCham Indonesia can help members identify qualified specialists within its network; SwedCham itself does not provide legal or regulatory advice.

5. Checklist

The steps below apply to a foreign company establishing a PT PMA and placing its first expatriate staff in Indonesia.

1. Confirm the KBLI codes for the intended activity under the KBLI 2025 list, and their foreign-ownership status under the investment list.
2. Verify that local zoning at the intended location permits the activity, before committing to premises or signing a lease.
3. Decide which parts of the process to handle with outside support, and engage a notary and any advisers early.
4. Structure the shareholding (minimum two shareholders) and the capital plan against the IDR 2,5 billion and IDR 10 billion thresholds.
5. Execute the deed of establishment before a notary and obtain ratification from the Ministry of Law.
6. Register in OSS to obtain the NIB, tax registration, and any risk-based licenses the KBLI codes require.
7. Open a corporate bank account and deposit the paid-up capital within 60 days of the deed.
8. Apply for the RPTKA feasibility assessment and attestation for each foreign position before any visa application.
9. Start the apostille, sworn translation, and Indonesian registration of marriage and birth certificates at the same time, so dependent applications are not held up.
10. Apply for the electronic visa, and convert to the electronic stay permit (e-ITAS) upon arrival.
11. Calendar the recurring obligations: quarterly LKPM reports, monthly DKP-TKA payments, and permit renewal dates.

6. Common pitfalls

The errors below recur across foreign entries into Indonesia, and each carries a defined consequence.

- Selecting KBLI codes that do not match the actual activity, or working from the superseded KBLI 2020 list, which forces relicensing and can invalidate permits already issued.
- Committing to premises before confirming that local zoning permits the activity, which can leave a fully licensed company unable to operate at the address it has taken.
- Treating the IDR 2,5 billion paid-up capital as the whole obligation and overlooking the IDR 10 billion investment plan per business line, which surfaces later in LKPM reporting.
- Conducting sales through a representative office, which exceeds its permitted scope and exposes the parent to sanctions and back-tax claims.
- Letting foreign staff begin work before the RPTKA is attested, which results in administrative fines for the company and deportation risk for the employee.

- Working on a business visit visa, which is an immigration offense and, under the rules tightened in 2024, can result in entry bans of up to ten years.
- Leaving marriage and birth certificates unapostilled, untranslated, or unregistered until the visa stage, which delays dependent permits by weeks after the employee has already relocated.
- Neglecting quarterly LKPM reports after establishment, which results in warnings and can lead to suspension of the NIB.

7. Sources and further reading

The processes described in this chapter run through the official channels below. The underlying laws and regulations are listed in Appendix A, and the stay permit designations in Appendix B.

- OSS licensing portal: oss.go.id
- Immigration portal: evisa.imigrasi.go.id
- Foreign worker portal: tka-online.kemnaker.go.id

Attribution

This chapter was prepared with contributions from Mangatur Nainggolan Law Firm, an Indonesian law firm and member of SwedCham Indonesia. Input was provided by Robby Simamora, S.H., M.H., Junior Partner.

Mangatur Nainggolan Law Firm was established in Jakarta in 2016 and combines expertise in law, finance, taxation, and business consulting. The firm assists foreign investors with investment structuring, PT PMA establishment, business licensing, immigration and foreign worker matters, legal documentation, and regulatory compliance, and follows developments in Indonesian investment policy, including through participation in forums organized by the Ministry of Investment and Downstreaming/BKPM.

About SwedCham Indonesia and this series

The Swedish Chamber of Commerce Indonesia is a non-profit, member-driven organization that brings together Swedish companies, Indonesian businesses with ties to Sweden, and professionals connected to both markets. SwedCham supports trade, investment, and knowledge exchange between Sweden and Indonesia, giving members access to local networks and advocacy platforms.

This document is a part of the SwedCham Indonesia Market Entry Guide, a series of practical briefings for Swedish companies entering the Indonesian market. It should be noted that SwedCham Indonesia connects members to qualified specialists; it does not provide legal, tax, or regulatory advice.

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All are welcome to share information from SwedCham publications; a reference to SwedCham Indonesia is appreciated.

Appendix A: Legal references

The body of this chapter deliberately avoids legal citations. The table below lists the instruments behind each topic, for readers who wish to consult the rules directly or verify a specific point with counsel.

Topic	Legal basis
Foreign investment framework (section 2.1)	Law No. 25 of 2007 on Investment, as modified by the Job Creation framework
Sectors open or restricted to foreign ownership (section 2.1)	Presidential Regulation No. 10 of 2021 on Investment Business Fields, as amended by Presidential Regulation No. 49 of 2021
Minimum paid-up capital of IDR 2,5 billion (section 2.1)	Minister of Investment Regulation No. 5 of 2025
Business activity classification, KBLI 2025 (section 2.1)	Statistics Indonesia (BPS) Regulation No. 7 of 2025, replacing KBLI 2020
Risk-based licensing and zoning conformity (sections 2.1 and 4.2)	Government Regulation No. 28 of 2025 on Risk-Based Business Licensing
Spatial planning and land use (section 4.2)	Law No. 26 of 2007 on Spatial Planning; regional spatial plans (RTRW and RDTR) issued by each province and regency
Immigration, stay permits, and the 2024 enforcement tightening (section 2.2)	Law No. 6 of 2011 on Immigration, as amended by Law No. 63 of 2024
Visa categories and the bridging visa (section 2.2)	Minister of Law and Human Rights Regulation No. 11 of 2024 on Visas and Stay Permits
Employment of foreign workers and the RPTKA procedure (section 2.3)	Government Regulation No. 34 of 2021 on the Utilization of Foreign Workers

Appendix B: Stay permits and their designations

Indonesian stay permits are described in two ways, which is a common source of confusion. The permit category describes the type of residence: a visit stay permit (ITK), a limited stay permit (ITAS, commonly called KITAS), or a permanent stay permit (ITAP, or KITAP). The index code describes the purpose of stay within that category. Every permit in the table below is a limited stay permit; the codes distinguish what the holder may do.

Code	Permit	Who it is for	Validity	Former code
E23	Work stay permit	Foreign employees of an Indonesian entity. Requires an attested RPTKA. Covers management, industry, health, education, and sports roles, consolidated from separate former categories.	6 months, 1 or 2 years	C312
E23Y	Work stay permit, digital roles	Software development, data science, artificial intelligence, and digital security positions.	As E23	—
E23A	Work stay permit, Special Economic Zones	Positions based in a designated Special Economic Zone (KEK), under separate investment and compliance conditions.	As E23	—
E28A	Investor stay permit	Foreign shareholders holding at least IDR 10 billion personally who serve as director or commissioner. No separate work permit is required for duties within the sponsoring company.	2 years, renewable	C313, C314
E28B	Golden visa	Investors meeting thresholds starting at USD 2,5 million.	5 to 10 years	—

Code	Permit	Who it is for	Validity	Former code
E31A	Family stay permit	Foreign spouse of an Indonesian citizen, sponsored by that citizen.	Mirrors sponsor	C317
E31B	Family stay permit	Foreign spouse of a foreign national holding a limited or permanent stay permit.	Mirrors sponsor	C317
E31E	Family stay permit	Children under 18 of a permit holder.	Mirrors sponsor	C317
E31H	Family stay permit	Parents of a permit holder.	Mirrors sponsor	C317

The index codes were restructured on 2 June 2025, when the E-series replaced the earlier C-series. Permits issued under the old codes remain valid until they expire, but renewals must be filed under the corresponding E-series index, so both sets still appear in current paperwork. Dependent permits mirror the validity of the permit they depend on: if the principal permit lapses or is cancelled, the family permits under it lapse with it. Two boundaries are enforced in practice — an investor permit holder may perform director-level management within the sponsoring company but not operational employee duties, and a work permit holder may not simultaneously act as an investor without separate authorization.