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DOING BUSINESS IN INDONESIA AS A FOREIGN INVESTOR

A Practical Questionnaire Before You Invest or Set Up a Business

17 practical questions to help foreign investors assess business eligibility, foreign ownership, control, KBLI, investment requirements and market-entry considerations in Indonesia.

Thinking About Investing or Doing Business in Indonesia?

Entering the Indonesian market can involve more than simply establishing a company.

Before deciding on a business structure, local partner, ownership arrangement or investment strategy, a foreign investor should first understand the proposed business activity, whether the activity is open to foreign investment, how much ownership and control may be available, what regulatory and operational requirements may apply, and what the investor ultimately wants to achieve in Indonesia.

This practical questionnaire is designed as a starting point for foreign investors considering doing business, investing or expanding into Indonesia.

It is not intended to provide a definitive legal opinion. Instead, it helps identify the key business facts and commercial priorities that should be assessed before determining the appropriate legal and commercial pathway.

Who Is This Foreign Investor Questionnaire For?

This questionnaire may be useful for:

- foreign investors considering an investment in Indonesia;
- foreign companies planning to enter or expand into the Indonesian market;
- entrepreneurs considering starting a business in Indonesia;
- investors considering a joint venture or Indonesian business partner;
- companies considering an acquisition or investment in an existing Indonesian business; and
- businesses exploring Indonesia before deciding on a market-entry structure.

You do not need to know the Indonesian legal classification, KBLI or licensing requirements to complete the questionnaire. Simply describe your proposed business and objectives as accurately as possible. The applicable legal and regulatory framework can then be assessed based on those facts.

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Gorizia
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Toruń
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Vienna
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What Should a Foreign Investor Assess Before Doing Business in Indonesia?

Before entering the Indonesian market, a foreign investor should generally assess five areas:

Business eligibility: Is the proposed business activity open to foreign investment?

Foreign ownership and control: How much can the investor own and how much control is commercially required?

Business activity and KBLI: What exactly will the Indonesian business do and how should the activity be classified?

Investment and operating requirements: What investment, location, facilities, licensing and operational requirements may apply?

Market-entry objective and structure: Why is the investor entering Indonesia and what route best fits that objective?

The questions below are designed to identify these issues before moving to a more detailed legal and structural assessment.

A. Is Your Business Open to Foreign Investment in Indonesia?

The first question is not which company to establish. It is whether the proposed business can legally be conducted by a foreign investor in Indonesia.

1. What type of business are you planning to establish in Indonesia?

Please briefly describe your proposed business model, products or services.

Why This Matters: *The actual business activity is the starting point for the legal and regulatory analysis. The business description helps identify the relevant activity and assess whether foreign investment is permitted.*

2. Is the proposed business activity open to foreign investment in Indonesia?

☐ Yes, fully open

☐ Yes, subject to conditions

☐ No / restricted

☐ Not sure

Why This Matters: *Foreign investment eligibility depends on the applicable investment framework and, where relevant, sector-specific regulations. If you are unsure, the activity should be assessed against the applicable rules.*

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Birkirkara
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Buenos Aires

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Cali
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Dubai
Durban
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Kyiv
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Ljubljana
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London
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Luanda
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Manila
Manlova
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Miami

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Monterrey
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Munich
Naples

New Delhi
New York
Osaka
Oslo
Ottawa
Paris
Pavia
Ploieşti
Pune

Prague
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Rabat
Riga
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Rosario
Rzeszow
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Taipei
Tegucigalpa
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Tokyo
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Toruń
Trento

Udine
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Varna
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Vienna
Vilnius
Warsaw
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3. If open, is foreign ownership subject to any limitation or specific condition?

☐ Fully open to foreign ownership
☐ Ownership limitation applies
☐ Other conditions apply
☐ Not sure

Why This Matters: *An activity being open to foreign investment does not necessarily mean that foreign ownership is unrestricted. Ownership limitations or other conditions may apply depending on the business activity and applicable regulations.*

4. Is this a new business in Indonesia, or are you expanding an existing business from another country?

☐ New business
☐ Expansion of an existing foreign business
☐ Acquisition / investment in an existing Indonesian business
☐ Other

Why This Matters: *The intended route into Indonesia may affect the legal structure, regulatory analysis and implementation strategy.*

B. How Much Can a Foreign Investor Own and Control in Indonesia?

Foreign ownership is only one part of the analysis. An investor should also identify how much control the business requires and whether that commercial objective can be achieved within the applicable regulatory framework.

5. What level of foreign ownership would you ideally require?

☐ 100%
☐ Majority
☐ Minority
☐ No specific preference
☐ Not sure

Why This Matters: *The investor's commercial preference should be identified separately from what Indonesian law permits.*

6. If foreign ownership is restricted, what level of ownership would still be commercially acceptable to you?

☐ 100%
☐ Majority
☐ Minority with control
☐ Minority without control
☐ Not sure

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Ankara
Antwerpen
Asti
Asunción
Athens
Bangalore
Bangkok
Barcelona
Belgrade
Berlin
Birkirkara
Bogotá
Bologna
Bratislava
Bucharest
Budapest
Buenos Aires
Cairo
Cali
Casablanca
Doha
Douala
Dubai
Durban
Erpe-Mere
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Fukuoka
Geneve
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Kuala Lumpur
Kyiv
Lagos
Lisbon
Lima
Ljubljana
Lodi
London
Los Angeles
Luanda
Lublin
Luxembourg
Malaga
Manila
Manlova
Medellin
Mexico City
Miami
Milan
Modena
Monterrey
Montreal
Moreka
Moscow
Mumbai
Munich
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New Delhi
New York
Osaka
Oslo
Ottawa
Paris
Pavia
Ploieşti
Pune
Prague
Puebla
Rabat
Riga
Rio de Janeiro
Rome
Rosario
Rzeszow
Santiago de Chile
São Paulo
Sarajevo
Seoul
Shanghai
Shenzhen
Sidney
Singapore
Skopje
Stockholm
Strasbourg
Taipei
Tegucigalpa
Tel Aviv
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Toruń
Trento
Udine
Valencia
Varna
Venice
Vienna
Vilnius
Warsaw
Zagreb
Zurich

Why This Matters: *This identifies the investor's fallback position if full foreign ownership is not legally available.*

7. How much control do you need over the Indonesian business?

☐ Full control
☐ Majority control
☐ Joint control
☐ Strategic / minority control
☐ No specific preference

Why This Matters: *Ownership percentage and practical control are not necessarily the same. Governance rights, management arrangements and other factors may affect the actual level of control.*

8. If an Indonesian shareholder or business partner is required, what role would you expect them to play?

☐ Capital
☐ Management
☐ Market access / distribution
☐ Regulatory / licensing support
☐ Land / assets
☐ Local expertise
☐ Other

Why This Matters: *An Indonesian participant may have a commercial or operational role beyond simply holding shares. Understanding that role is important before considering the appropriate structure.*

C. What Business Activity and KBLI Apply in Indonesia?

Once the ownership and control objectives are understood, the next question is what the Indonesian business will actually do. The business activity is important because it can determine the applicable KBLI classification and the regulatory and licensing framework that follows.

9. What products or services will the Indonesian business actually provide?

Please describe the main revenue-generating activities.

Why This Matters: *The substance of the business is critical to identifying the appropriate KBLI and assessing the applicable regulatory framework.*

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Asti
Asunción
Athens
Bangalore
Bangkok
Barcelona
Belgrade
Berlin
Birkirkara
Bogotá
Bologna
Bratislava
Bucharest
Budapest
Buenos Aires
Cairo
Cali
Casablanca
Doha
Douala
Dubai
Durban
Erpe-Mere
Ferrara
Fukuoka
Geneve
Gorizia
Guadalajara
Guatemala
Hanoi
Helsinki
Hong Kong
Istanbul
Jakarta
Jeddah
Kampala
Karlsruhe
Kaunas
Klagenfurt
Koblenz
Kolkata
Köln
Kuala Lumpur
Kyiv
Lagos
Lisbon
Lima
Ljubljana
Lodi
London
Los Angeles
Luanda
Lublin
Luxembourg
Malaga
Manila
Manlova
Medellin
Mexico City
Miami
Milan
Modena
Monterrey
Montreal
Moreka
Moscow
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Oslo
Ottawa
Paris
Pavia
Ploieşti
Pune
Prague
Puebla
Rabat
Riga
Rio de Janeiro
Rome
Rosario
Rzeszow
Santiago de Chile
São Paulo
Sarajevo
Seoul
Shanghai
Shenzhen
Sidney
Singapore
Skopje
Stockholm
Strasbourg
Taipei
Tegucigalpa
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Toronto
Toruń
Trento
Udine
Valencia
Varna
Venice
Vienna
Vilnius
Warsaw
Zagreb
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10. How will the business operate in Indonesia?

☐ Manufacturing
☐ Trading / distribution
☐ Import / export
☐ Services
☐ Digital / technology
☐ Marketplace / intermediary
☐ Licensing / IP
☐ Other

Why This Matters: *Different operating models may correspond to different classifications, licensing requirements and sector-specific rules.*

11. Will the Indonesian company conduct more than one principal business activity?

☐ One principal activity
☐ Several related activities
☐ Several different activities
☐ Not yet decided

Why This Matters: *Multiple activities may require multiple KBLI classifications and may affect the investment and licensing analysis.*

12. Do you already know the relevant KBLI classification for your proposed activity?

☐ Yes
☐ No
☐ Need assistance identifying the appropriate KBLI

Why This Matters: *The investor does not need to determine the KBLI independently. Where the classification is uncertain, the proposed business activity can be assessed against KBLI 2025.*

D. What Investment and Operating Requirements Apply?

The next step is to understand what the business will actually require to operate in Indonesia. This includes the size and use of the investment, location, facilities, assets and other operational requirements.

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Asti
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Athens
Bangalore
Bangkok
Barcelona
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Pune
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Skopje
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Toronto
Toruń
Trento
Udine
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Varna
Venice
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13. What is your estimated total investment for the proposed Indonesian business?

☐ Below IDR 10 billion
☐ IDR 10–50 billion
☐ IDR 50–100 billion
☐ Above IDR 100 billion
☐ Not yet determined

Why This Matters: *This captures the investor's estimated investment size. It should not, by itself, be treated as a statement of the legally required capital or investment threshold, which depends on the applicable rules.*

14. What will the investment primarily be used for?

☐ Working capital
☐ Machinery / equipment
☐ Factory
☐ Warehouse
☐ Office
☐ Inventory
☐ Land / building
☐ Technology / IP
☐ Acquisition
☐ Employees
☐ Other

Why This Matters: *The intended use of funds helps identify the practical operating model and potential asset, licensing, location and investment issues.*

15. Where will the business operate, and will it require any specific location, facilities, assets or operational infrastructure?

☐ One specific location
☐ Multiple locations
☐ Nationwide
☐ Online / digital only
☐ Office / factory / warehouse
☐ Retail outlet
☐ Land / building
☐ Import / export
☐ Foreign personnel
☐ Construction / physical project
☐ Other / None

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Why This Matters: *Location and operational infrastructure can affect licensing, land, facilities, staffing and sector-specific requirements.*

E. What Is Your Objective for Entering the Indonesian Market?

The same business activity may lead to different market-entry considerations depending on the investor's commercial objective.

16. What is your primary objective in entering Indonesia?

☐ Testing the market
☐ Building a long-term business
☐ Expanding an existing regional business
☐ Manufacturing
☐ Distribution
☐ Investment
☐ Acquisition
☐ Establishing a regional hub
☐ Other

Why This Matters: *A market-testing strategy may require a different approach from building a permanent operating business, acquiring an existing business or establishing a regional presence.*

F. What Market-Entry Options Are You Considering?

17. Which market-entry structure are you currently considering?

☐ Establish a new PMA company
☐ Joint venture
☐ Acquire an existing Indonesian company
☐ Acquire a business / assets
☐ Distributor / agent
☐ Representative office
☐ Contractual arrangement
☐ Not yet decided

Why This Matters: *Your preferred entry route is a starting point, not a predetermined legal conclusion. The appropriate structure should ultimately be assessed against the business activity, foreign-ownership rules, operational requirements and commercial objectives.*

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Antwerpen
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Asunción
Athens
Bangalore
Bangkok
Barcelona
Belgrade
Berlin
Birkirkara
Bogotá
Bologna
Bratislava
Bucharest
Budapest
Buenos Aires
Cairo
Cali
Casablanca
Doha
Douala
Dubai
Durban
Erpe-Mere
Ferrara
Fukuoka
Geneve
Gorizia
Guadalajara
Guatemala
Hanoi
Helsinki
Hong Kong
Istanbul
Jakarta
Jeddah
Kampala
Karlsruhe
Kaunas
Klagenfurt
Koblenz
Kolkata
Köln
Kuala Lumpur
Kyiv
Lagos
Lisbon
Lima
Ljubljana
Lodi
London
Los Angeles
Luanda
Lublin
Luxembourg
Malaga
Manila
Manlova
Medellin
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Miami
Milan
Modena
Monterrey
Montreal
Moreila
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Pavia
Ploieşti
Pune
Prague
Puebla
Rabat
Riga
Rio de Janeiro
Rome
Rosario
Rzeszow
Santiago de Chile
São Paulo
Sarajevo
Seoul
Shanghai
Shenzhen
Sidney
Singapore
Skopje
Stockholm
Strasbourg
Taipei
Tegucigalpa
Tel Aviv
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Tokyo
Toronto
Toruń
Trento
Udine
Valencia
Varna
Venice
Vienna
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What Are Your Three Most Important Priorities?

Please select up to three priorities:

☐ 100% foreign ownership
☐ Maximum control
☐ Fast market entry
☐ Minimum initial investment
☐ Regulatory certainty
☐ Long-term scalability
☐ Access to Indonesian customers
☐ Manufacturing capability
☐ Asset ownership
☐ Foreign management
☐ Ability to raise additional investment
☐ Exit flexibility
☐ Other: _____

Why This Matters: *The best market-entry structure is not determined solely by what is legally available. It should also reflect the investor's commercial priorities, risk appetite and long-term objectives.*

What Do Your Answers Help Determine?

Your answers provide the factual starting point for a more detailed assessment of the Indonesian investment and market-entry framework. In practical terms, the assessment moves through six questions:

Business
What are you actually doing?

Eligibility
Is the activity open to foreign investment?

Ownership
How much can you own?

Control
How much control do you need and can you exercise?

Requirements
What investment, licensing and sector-specific requirements may apply?

Structure
What market-entry structure best fits the business and investment objectives? The questionnaire therefore moves from fact gathering to strategic structuring.

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Amsterdam
Ankara
Antwerpen
Asti
Asunción
Athens
Bangalore
Bangkok
Barcelona
Belgrade
Berlin
Birkirkara
Bogotá
Bologna
Bratislava
Bucharest
Budapest
Buenos Aires
Cairo
Cali
Casablanca
Doha
Douala
Dubai
Durban
Erpe-Mere
Ferrara
Fukuoka
Geneve
Gorizia
Guadalajara
Guatemala
Hanoi
Helsinki
Hong Kong
Istanbul
Jakarta
Jeddah
Kampala
Karlsruhe
Kaunas
Klagenfurt
Koblenz
Kolkata
Köln
Kuala Lumpur
Kyiv
Lagos
Lisbon
Lima
Ljubljana
Lodi
London
Los Angeles
Luanda
Lublin
Luxembourg
Malaga
Manila
Manlova
Medellin
Mexico City
Miami
Milan
Modena
Monterrey
Montreal
Moresia
Moscow
Mumbai
Munich
Naples
New Delhi
New York
Osaka
Oslo
Ottawa
Paris
Pavia
Ploieşti
Pune
Prague
Puebla
Rabat
Riga
Rio de Janeiro
Rome
Rosario
Rzeszow
Santiago de Chile
São Paulo
Sarajevo
Seoul
Shanghai
Shenzhen
Sidney
Singapore
Skopje
Stockholm
Strasbourg
Taipei
Tegucigalpa
Tel Aviv
The Hague
Tokyo
Toronto
Toruń
Trento
Udine
Valencia
Varna
Venice
Vienna
Vilnius
Warsaw
Zagreb
Zurich

From the Answers to the Right Structure

The purpose of this questionnaire is not to determine a structure mechanically. Instead, the answers should be assessed against the applicable Indonesian legal and regulatory framework and then translated into a practical recommendation.

Beyond Recommendation

The appropriate Indonesian market-entry structure should ultimately reflect the business activity, foreign-investment eligibility, ownership and control objectives, operational requirements and commercial priorities, subject to detailed legal and regulatory assessment.

What Happens After Completing the Questionnaire?

Once the relevant business facts and commercial priorities have been identified, the next step is to determine which Indonesian business structure best fits the investment objectives and regulatory position.

Depending on the circumstances, this may involve assessing options such as:

PT PMA;
PT Local;
joint venture arrangements;
acquisition of an existing Indonesian company;
acquisition of a business or assets; or
other appropriate market-entry arrangements.

The appropriate structure should follow the business facts and regulatory position, not the other way around.

Next: Choosing the Right Business Structure in Indonesia

Our next framework examines how the relevant business activity, foreign-investment treatment, KBLI, capital, ownership and control considerations can be translated into an appropriate Indonesian business structure.

Key Takeaways

Before investing or starting a business in Indonesia, a foreign investor should first determine:

what the Indonesian business will actually do;
whether the activity is open to foreign investment;
whether foreign ownership is restricted;
how much ownership and control the investor commercially requires;
which KBLI classification may apply;
what investment and operating requirements may arise;
what the investor is ultimately trying to achieve in Indonesia; and
which commercial priorities should guide the eventual market-entry structure.

The right structure should be determined after these questions are understood, not before.

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Ankara
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Asti
Asunción
Athens
Bangalore
Bangkok
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Berlin
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Bogotá
Bologna
Bratislava
Bucharest
Budapest
Buenos Aires

Cairo
Cali
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Doha
Douala
Dubai
Durban
Erpe-Mere
Ferrara

Fukuoka
Geneve
Gorizia
Guadalajara
Guatemala
Hanoi
Helsinki
Hong Kong
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Jakarta
Jeddah
Kampala
Karlsruhe
Kaunas
Klagenfurt
Koblenz
Kolkata
Köln

Kuala Lumpur
Kyiv
Lagos
Lisbon
Lima
Ljubljana
Lodi
London
Los Angeles

Luanda
Lublin
Luxembourg
Malaga
Manila
Manlova
Medellin
Mexico City
Miami

Milan
Modena
Monterrey
Montreal
Moreka
Moscow
Mumbai
Munich
Naples

New Delhi
New York
Osaka
Oslo
Ottawa
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Pavia
Ploieşti
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Prague
Puebla
Rabat
Riga
Rio de Janeiro
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Seoul
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Tegucigalpa
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Trento

Udine
Valencia
Varna
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Vinius
Warsaw
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Frequently Asked Questions

Can foreigners invest in Indonesia?

Foreign investment is possible in Indonesia, but the applicable ownership position and requirements depend on the proposed business activity, applicable regulations and sector-specific rules.

What should a foreign investor consider before doing business in Indonesia?

A foreign investor should assess business eligibility, foreign ownership and control, the applicable business activity and KBLI, investment and operating requirements, and the intended market-entry objective.

Can a foreign investor own 100% of a business in Indonesia?

This depends on the proposed business activity and the applicable foreign-investment rules. The fact that a business is open to foreign investment does not necessarily mean that 100% foreign ownership is available.

What is KBLI and why does it matter to foreign investors?

KBLI is Indonesia's business classification system. Identifying the appropriate business activity and KBLI is important because the classification can affect the applicable licensing and regulatory framework.

Does a foreign investor need a local partner in Indonesia?

Not necessarily. Whether Indonesian participation is required depends on the business activity, applicable foreign-ownership rules and the structure being considered.

What should I determine before choosing a business structure in Indonesia?

The investor should first understand the proposed business activity, foreign-investment eligibility, ownership and control requirements, operating needs and commercial objectives. Those factors provide the basis for assessing the appropriate structure.

Legal & Regulatory References

The applicable legal framework should be checked against the specific business activity, KBLI and sector involved. Relevant references include:

1. Presidential Regulation No. 10 of 2021 concerning Investment Business Fields, as amended by Presidential Regulation No. 49 of 2021.
2. BPS Regulation No. 7 of 2025 concerning the Indonesian Standard Industrial Classification (KBLI 2025).
3. Government Regulation No. 28 of 2025 concerning Risk-Based Business Licensing.

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4. Minister of Investment and Hilirisasi / Head of BKPM Regulation No. 5 of 2025 concerning Risk-Based Business Licensing and Investment Facilities through the OSS System.

These references should be reviewed together with applicable sector-specific regulations and the facts of the proposed investment.

Important Note

This questionnaire is a preliminary information-gathering tool, not a definitive legal opinion. Foreign ownership restrictions, licensing requirements, investment thresholds and the appropriate market-entry structure must be assessed based on the specific business activity, applicable KBLI, sectoral regulations and the investor's intended structure.