

Registration laws

The Incorporation of a limited liability company is governed by the Company Law No. 40 of 2007 (the “Company Law”). Once a business decides to expand and takes an advantage of this growing market, it will need expert help in navigating the rules on [how to register a company in Indonesia](#).

Advantages of PMA

Most foreign-owned companies establish the Indonesian version of a Limited Liability Company (LLC), which is known as a PMA—Penanaman Modal Asing—in Indonesia, since it can take the form of a 100% foreign-owned limited liability company or can be established as a limited liability company through a joint venture with Indonesian partners. The advantages of this type of company are that it gives the foreign investor full control over the direction of the company, no restriction on where a PMA can operate in Indonesia, and reduces the risk in finding a suitable local partner.

Certain business fields require a foreign-owned company to establish a local partner and are allowed up to a certain percentage of ownership depending on the sector. The specifics of this are covered in the Negative Investment List. However, there are some business activities that are closed for foreign ownership based on [Negative Investment List](#), therefore should be established as Local Indonesian companies (refers to President Regulation of Republic of Indonesia No.39/2014 concerning list of business field that are closed to Investment and business field that are conditionally open for investment). In this case for foreign investors still have alternative option by establishing a local nominee company in form of local limited liability (i.e. Perseroan Terbatas) with 100% local shareholder but keeping under foreign investors control.

Investment Plan for PMA

Regarding the updated regulation from BKPM (Read: New Regulation on Capital Submission Proof), investors should invest above USD 1 million or refers to IDR 10 billion as their investment plan with the minimum paid-up capital is above USD 250,000 or refers to IDR 2.5 billion. Investment plan can be either cash or fixed assets such as machinery however it is excluded for Land and buildings (Read: How to Own Land and Property in Indonesia).

Paid-up capital shall be paid after the company is established and has a bank account (stated by notary letter). Company needs to reach investment realizations above USD 1 million for obtaining Business license as their permanent license, import license, and other licenses which relate to company’s sector.

The Steps for PT.PMA company in Indonesia

Procedure	Institution	Expected Duration
Approval of company name (should consist 3 words)	The Ministry of Law and Human Rights	2 days
Review, Revision, and Approval of Principle License as their temporary license	BKPM	14 days
Article of Association (AKTA)	Notary	4 days
Legalized of Legal Entity (Deed of Establishment/ SK Kehakiman)	The Ministry of Law and Human Rights	3 days
Certificate of Domicile	Landlord of the office building and Local Council	3 days
Tax Payer Registration Number (NPWP) and letter of registered tax (SKT)	Tax Office	3 days
Company Registration Certificate (TDP)	Provincial Government	10 days

Company Name approval. The application for a company name is conducted through an online system, which can be accessed by a notary. The Ministry of Law and Human Rights can reject the name for a variety of reasons, including if it already exists or is similar to the name of another company. Based on the latest Indonesia's regulation, the company name should consist three words. It shall not contain words that are considered as vulgar or obscene in Indonesia.

Principle License (BKPM Approval). The Indonesian Investment Coordinating Board (BKPM) is the central authorized body for receiving, reviewing and approving foreign investment applications as well as monitoring approved and running projects. The investor should submit their application and investment plan which describes their investment realizations above USD 1,000,000. The investment plan will be reviewed and revised by BKPM. Once it has been approved, BKPM will issue the Principle License as an Temporary Investment Permit. Principle License will be valid for one year and can be extended for two years. Then company needs to apply for Business License within three years.

Article of Association (Akta Perusahaan). After obtaining a Principle License from BKPM, the investor is allowed to establish a Foreign Owned Limited Liability Company (PT. PMA) by arranging for a Article of Association through a notary, which is valid as an Article of Association for the company.

Ratification of Legal Entity (SK Kehakiman). The Article of Association shall be submitted to the Ministry of Law and Human Rights to be legalized.

Certificate of Domicile. The next step is to obtain a Certificate of Domicile from the landlord of the office building and from the Sub District (“Kelurahan”), which states the address of the company.

Tax Registration Number (NPWP). The company shall obtain a Tax Payer Registration Number (NPWP) and a letter of registered tax (Surat Keterangan Terdaftar Pajak/SKT) at the Tax Office located at the same sub district. NPWP is valid as company’s tax ID and beneficial for proposing bank loan, obtaining other necessary company’s documents as well as for company’s tax payment (Read: Corporate and Personal Income Tax in Indonesia).

Company Registration Certificate (TDP). To finalize PT PMA company registration, the company must arrange a Company Registration Certificate from Provincial Government to officially register the company in the region.

Source: <http://www.cekindo.com/how-to-register-foreign-company-as-pt-pma-in-indonesia.html>