

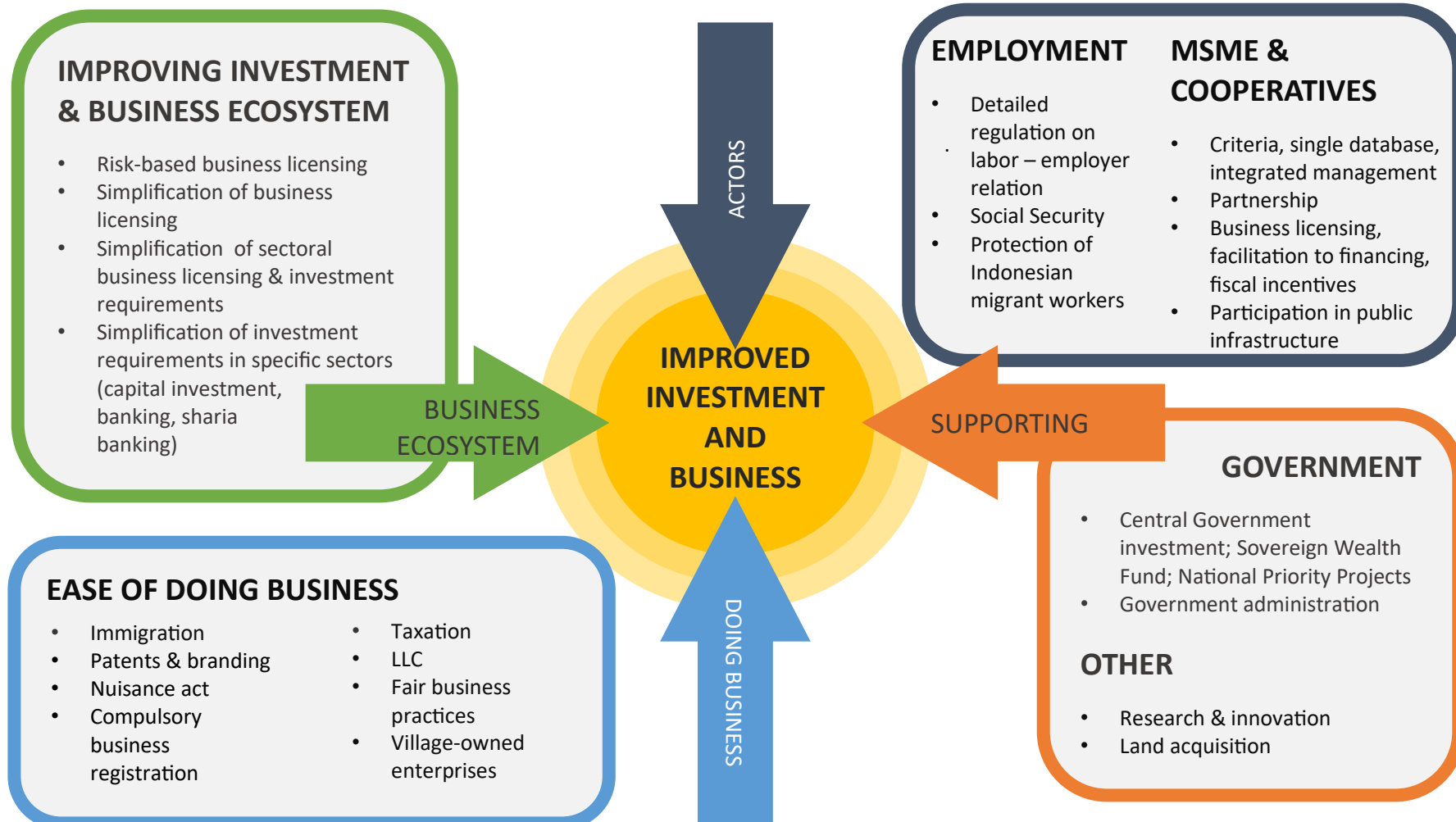
SUMMARY OF PERPPU NO. 2 YEAR 2022 ON JOB CREATION

I. BACKGROUND

- The government officially issued Government Regulation in Lieu of Law (Perppu) Number 2 concerning Job Creation on December 30, 2022. The Constitutional Court had previously declared the Job Creation Law No. 11/2020 as conditionally unconstitutional and required the government to make improvements to it within two years. The Coordinating Ministry for the Economy stated that the Constitutional Court's decision had affected the business climate as businesses were waiting for legal certainty from the law.
- In summary, the Job Creation Perppu includes nine main discussions which include: (i) enhancing the investment ecosystem and business activities; (ii) employment; (iii) facilitation, protection, and empowerment of cooperatives and MSMEs; (iv) ease of doing business; (v) research and innovation support; (vi) land acquisition; (vii) economic zones; (viii) central government investment and acceleration of national strategic projects; and (ix) implementation of government administration. This Perppu has revoked and/or added/reduced articles in 81 previous laws.
- One of the discussions in this law is to regulate the improvement of investment ecosystems in 15 sectors. In general, business permits that previously required approval from the Minister and/or regional leaders, such as Governors, Regents/Mayors in accordance with their respective authorities, are now simplified by referring to the approval and regulations of the Central Government. In the scope of employment, there are differences in the calculation of minimum wage and minimum wage formula that can be changed under certain conditions, the absence of contracts in a Fixed-Term Employment Agreement (PKWT), settlements related to layoffs must be carried out through bipartite negotiations, changes in leave regulations, and job loss guarantees. Other employment-related provisions that were previously regulated by the Minister now refer to provisions of the Central Government.
- In the scope of cooperatives and small and medium enterprises (SMEs), there are simplifications in terms of administration for cooperative and SME formation, the application for financing facilities, and incentives. In addition, there is empowerment in the form of training and assistance, especially related to financial records for micro, small and medium enterprises (MSMEs). Moreover, provisions and regulations regarding business formation have been streamlined to promote business activities, including immigration where visit visas are available for pre-investment activities. The establishment of a Regional Research and Innovation Agency has also broadened the scope of support for research and innovation, which was previously limited to the central level.
- In the scope of land acquisition, there is an expansion of objects considered as public interest, which includes industrial areas, special economic zones (SEZ), tourism areas, food security areas, and technology development areas. The central government also established a land bank to strengthen land management. In the scope of SEZs, there is an expansion of business activities that can be conducted within the SEZ, including distribution, education, and health businesses, as well as a change in the mechanism for proposing SEZs, namely that they can be directly proposed to the National Council requiring approval from the local regional government. Regarding central government investment, the central government established an investment management institution to manage investments.

- The Job Creation Law has overcome the overlapping regulation issues. Hence it provides more efficiency in government bureaucracy. Since foreign investors are more concerned with long-term legal and business certainty, experts mentioned that the new Job Creation Law is a breakthrough in bridging the problem of overlapping laws and regulations that do not support the investment climate. The law simplifies environmental assessment requirements and licensing procedures and integrates environmental permits and business licenses. It also removes, in general, the relevant conditions and restrictions for foreign investment that are currently stipulated in various laws governing several business sectors.
- The World Bank stated that foreign investors had responded positively to the law since the government ratified the Job Creation Law in 2020. In 2021, Foreign Direct Investment (FDI) showed the second highest amongst its peer countries in Southeast Asia, which recorded an increase of 29.4 percent for five quarters right after the law was ratified. In the manufacturing sector, growth was recorded at 34.6 percent post-regulation.
- Meanwhile, labor unions have been protesting the Job Creation Law since the bill was passed. There are 11 issues that were protested: (i) Minimum wage is not negotiated with labor unions, (ii) lifetime outsourcing for all types of work, (iii) Workers are contracted continuously without a period, (iv) low severance pay, (v) easiness to layoffs workers, (vi) the 2-month long break was abolished, (vii) no payment certainty for women workers who take menstrual and maternity leave, (viii) workers who work 5 days a week have their 2-day leave rights removed, (ix) Labor working hours become 12 hours a day because overtime is allowed 4 hours per day, this could increase the rate of workers fatigue and even death rate, (x) the easiness of hiring foreign workers, (xi) removal of some criminal sanctions such as sanctions for importer who import when the domestic stock were abundance
- OECD reported that structural reformation in Indonesia through Job Creation Law implementation could reduce the barrier for FDI by more than a third and reduce the barrier of trade and investment by almost 10 percent in 2021.

2. STRUCTURE OF PERPPU JOB CREATION



USAID Economic Growth Support Activity (EGSA), April 2023

Design by www.presentationgo.com

3. CONTENT AND DIFFERENCES COMPARED TO PREVIOUS LAWS

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
I.	Improving the investment ecosystem and business activities	<p>A. Implementation of risk-based business licensing</p> <ul style="list-style-type: none"> • Business permits are based on the determination of risk level and business activity scale rating. • Determination of the level of risk based on factors such as health, safety, environment, utilization, and management of resources. • The risk level and business activity scale rating are classified into low, medium, and high-risk business activities. • The central government is obligated to supervise and guide every implementation of business permits. <hr/> <p>B. Simplification of the basic requirements for business licensing</p> <p>i. Suitability of Space Utilization Activities [1, 2, 3, 4,]</p> <ul style="list-style-type: none"> • Hierarchical spatial planning is done by referring to the National Spatial Planning Plan in the preparation of Provincial and District/City Spatial Planning, and the Provincial Spatial Planning Plan serves as a reference for the preparation of District/City Spatial Planning to avoid overlapping regulations. • The central government is authorized to provide technical assistance in the preparation of spatial planning and detailed spatial planning plans for provincial and district/city areas. <hr/> <p>Removes:</p> <ul style="list-style-type: none"> • Provisions for the implementation and control of spatial use in national strategic areas implemented by regional governments through deconcentration and/or delegated tasks. • Provisions on the authority of provincial governments to carry out structuring of provincial strategic areas. <hr/> <ul style="list-style-type: none"> • Regulates the authority of the provincial and district/city governments in implementing spatial planning in accordance with the norms, standards, procedures, and criteria applied by the central government. • Regulates the implementation of spatial planning preparation, preparation of strategic environmental studies, and compliance with the accuracy of spatial planning using other base maps 	<p>New regulations</p> <hr/> <p>Not specified in the previous law [1]</p> <hr/> <p>The regional government previously had this authority [1]</p> <hr/> <p>Not specified in the previous law [1]</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The extent of forest areas and forest cover for each island, river basin, province, and district/city are determined based on bio-geophysical conditions, climate, population, and socio-economic conditions of the local community 	<p>Previously, forest areas were determined to be at least 30 percent of the river basin area [1]</p>
		<ul style="list-style-type: none"> Regents/Mayors are required to establish regulations regarding detailed spatial planning no later than 1 month after obtaining approval of the plan's substance from the central government. If it has not been determined, then the detailed spatial plan is determined by the central government. 	<p>The required timeframe was not previously specified [1]</p>
		<ul style="list-style-type: none"> If there are changes to strategic national policies that have not been included in the spatial and zoning plans, then space utilization can still be implemented after receiving recommendations from the central government. 	<p>Not specified in the previous law [1]</p>
		<ul style="list-style-type: none"> Zoning Plans (RZ) for national strategic areas are called the National Strategic Area Zoning Plan (KSN) and Specific National Strategic Area Zoning Plan (KSNT). The planning area boundaries for Coastal Region RZ (WP)-3-K, RZ KSN and RZ KSNT are regulated by the central government. The planning period for managing coastal areas and small islands is 20 years and is reviewed every 5 years. Government agencies that utilize coastal waters that are not included under national strategic policies must obtain confirmation of the suitability of their marine spatial activities. Compliance with regulations for marine spatial utilization is compulsory for permanent utilization, except for communities utilizing the sea for daily needs. 	<p>Not specified in previous laws [2,3]</p>
		<ul style="list-style-type: none"> Indonesian citizens, both individuals and corporations, applying for marine utilization must comply with the suitability of marine spatial activities and obtain business permits from the central government. 	<p>Previously, applications for permits were required to meet technical, administrative, and operational requirements [3]</p>
		<ul style="list-style-type: none"> The Topographical Map of Indonesia is a base map that is divided into 8 sections covering land and sea areas, including coastal areas. Topographical maps of Indonesia with a scale of 1:500,000, 1:100,000, 1:10,000, 1:2,500 have been removed. Topographical maps of Indonesia at a scale of 1:1,000 are used in certain areas according to needs. 	<ul style="list-style-type: none"> Previously, the Topographical Map of Indonesia was not divided into 8 detailed sections [4] Previously, there was a provision covering the scale of the map [4] Not specified in the previous law [4]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The Indonesian Coastal Environment Map and the National Marine Environment Map have been removed. 	Previously there was a provision that included the maps [4]
		<ul style="list-style-type: none"> Basic Geospatial Information (IGD) is determined by the central government and regulated in government regulations. 	Previously, the IGD was regulated by the head of the agency [4]
		<ul style="list-style-type: none"> Implementation of IGD can be carried out through cooperation between the central government and state-owned enterprises (SOEs). 	Not specified in the previous law [4]
		<ul style="list-style-type: none"> Provisions for the implementation of Geospatial Information (GI) for individuals require them to meet the qualifications as professionals and be certified in GI. Groups are required to meet the qualifications as service providers in the GI sector and have professional and certified personnel. Business entities are required to meet administrative and technical requirements. 	Previously, it was not explained in detail regarding the provisions for the implementation of the GI in question, including for business entities [4]
		ii. Environmental approval	
		<ul style="list-style-type: none"> The Environmental Impact Analysis (EIA or Amdal) document is the basis for the environmental feasibility test for business plans carried out by a test team formed by the central government's environmental feasibility agency consisting of the central government, local government, and certified experts. Environmental feasibility decisions are used as a requirement for issuing business permits or approvals from the central government or local government. The central or local government issues business permits or approvals based on a statement of environmental management readiness to comply with the Environmental Management and Monitoring Effort Standards (UKL-UPL). The central government determines the types of businesses/activities that must comply with UKL-UPL. Provisions for business licensing can be revoked if the submitted requirements contain legal defects, errors, misuse, or falsification of data, documents, and information. 	Not specified in the previous law
		<ul style="list-style-type: none"> The statement of environmental management and monitoring readiness is integrated into the business identification number. 	Not previously required to be integrated into the business identification number.

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Provisions for selecting a bank to hold guarantee funds and determining third parties for the restoration of environmental functions with guarantee funds are determined by the central government 	<p>These provisions were previously determined by the Minister, governors, regents/mayors according to their authority [5]</p>
		<ul style="list-style-type: none"> Provincial and district/city governments must follow the norms, standards, procedures, and criteria stipulated by the central government when carrying out their authority and duties for environmental protection and management. 	<p>No previous clarification regarding the requirement to follow the standards and norms set by the central government. [5]</p>
		<p>iii. Building permit and function-worthiness certificate [6]</p>	
		<ul style="list-style-type: none"> Each building has a function and classification that is regulated by government regulations. 	<p>Previously, more detail was provided regarding the functions of buildings for residential, religious, commercial, social-cultural, and special purposes. [6]</p>
		<ul style="list-style-type: none"> Administrative requirements for building functions have been removed. 	<p>Previously there was a section covering administrative requirements [6]</p>
		<ul style="list-style-type: none"> Building construction planning must be carried out by construction planning service providers who meet the required qualifications and competency standards in accordance with laws and regulations. Buildings must be equipped with test results to obtain technical plan approval from the central government. Building plans using prototypes from the central government are not required to undergo consultation and compliance standard checks. A function-worthiness certificate is issued by the central or regional government based on a statement of function-worthiness submitted by construction supervisors or management service providers. Issuance of a function-worthiness certificate is carried out simultaneously with the issuance of a proof of ownership of the building. The creation of simple building and traditional building architecture does not require the involvement of an architect. 	<p>Not specified in the previous law [6]</p>
		<ul style="list-style-type: none"> Building owners have the right to obtain approval, conduct implementation, receive official letters, and change the function of the building after obtaining approval from the central government. Building owners are entitled to compensation in accordance with provisions if the building is demolished by the central government for reasons beyond the fault of the building owner. 	<p>Previously done through permits and compensation from the local government [6]</p>
<p>C. Simplification of sector business licensing as well as ease and investment requirements</p>			

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		i. Maritime and fisheries [7, 8]	
		<ul style="list-style-type: none"> Anyone engaging in fishery business within the fishery management area of the Republic of Indonesia's must obtain a business license from the central or regional government. Anyone owning and operating Indonesian or foreign fishing vessels in the Indonesian fishery management area or the Exclusive Economic Zone of Indonesia (ZEEI) must obtain a business license from the central or regional government. Anyone owning and operating Indonesian or foreign fishing vessels in the Indonesian fishery management area must obtain a business license from the central or regional government. 	The source of the fishery business license (SIUP), fishing license (SIPI), fishing vessel license (SIKPI) is not specified [7,8]
		<ul style="list-style-type: none"> Removes provisions for registering foreign vessels as Indonesian vessels by requiring proof of ownership, owner identification, measurement certificate, and a certificate of removal from the registry of the country of origin. 	Previously there was a paragraph that explained these provisions [7,8]
		ii. Agriculture [9, 10, 11, 12, , 13]	
		<ul style="list-style-type: none"> Provisions on maximum and minimum area limits with consideration of the type of crop and agro-climatic land availability. 	Previously there were considerations of capital, factory capacity, population density, business development patterns, geographical conditions, technological developments, and land use [9]
		<ul style="list-style-type: none"> Plantation companies are required to cultivate plantation land within 2 years after receiving land title status, otherwise the land will be taken over by the state. 	Previously, the deadline was 3 years with a provision of 30% of the land rights area and 6 years with a provision of cultivating the entire land rights area that can technically be planted [9].
		<ul style="list-style-type: none"> Released varieties that can be produced and distributed must comply with business permits from the central government. 	Not specified in the previous law [9]
		<ul style="list-style-type: none"> Plantation companies obtaining permits for cultivation outside of their licensed area or forest clearance areas must facilitate the development of community gardens up to 20% of the land area. 	It was not previously specified where the land came from [9]
		<ul style="list-style-type: none"> Each plantation product processing unit that uses imported raw materials is required to build a plantation that is integrated with the processing unit within a certain period after becoming operational. 	It was previously stated that the maximum period was 3 years after becoming operational [9]
		<ul style="list-style-type: none"> Removes provisions that prioritize plantation business development through domestic investment. 	There was a paragraph that previously specified these provisions [9]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Government agencies importing and exporting superior seeds in Indonesia must obtain approval from the central government. Anyone engaged in agricultural cultivation businesses over a certain scale must obtain a business permit from the central government. 	Not specified in the previous law [10]
		<ul style="list-style-type: none"> Central and regional governments are required to increase agricultural production through farmer protection strategies. 	The government was previously required to prioritize domestic agriculture by regulating imports based on the harvest season or domestic consumption [11]
		<ul style="list-style-type: none"> The sufficiency of the government reserves comes from domestic production and imports of agricultural commodities in accordance with the provisions of the law while still protecting the interests of farmers. 	Previously, imports were prohibited if domestic production was sufficient to meet demand/government reserves [11]
		<p>Removes:</p> <ul style="list-style-type: none"> Provisions requiring medium and large horticultural cultivation businesses that use land controlled by the state to have land-use permits in accordance with the provisions of the laws and regulations. Provisions that require large businesses to partner with MSMEs. Provisions requiring modern market businesses to trade domestic products in the buying and selling process of trading horticultural products. Aspects of horticultural product imports that consider the availability of domestic horticultural products and sets production and consumption targets. Foreign investment is only carried out in large horticultural businesses with a maximum limit of 30%. Foreign investment funds must be placed in domestic banks and cannot use credit from government-owned banks or financial institutions. 	Previously there was a section related to these provisions [12]
		<ul style="list-style-type: none"> Market organizers for horticultural product trading can sell both local and imported products. 	Previously, market organizers had to prioritize the sale of local products [12]
		<ul style="list-style-type: none"> Medium and large businesses are required to provide opportunities for apprenticeship and technology transfer. 	Not stated in the previous law, but foreign investors were required to provide apprenticeships and technology transfer to domestic businesses [12]
		<ul style="list-style-type: none"> Removes provisions requiring imported seeds and/or seedlings to meet animal health and quarantine regulations and comply with seed zoning policies. 	Previously there were provisions related to these requirements [13]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Central and regional governments develop cultivation businesses through investment by individual Indonesian citizens or corporations with legal status. 	Investments were previously allowed for both legalized and non-legalized Indonesian corporations [13]
		<ul style="list-style-type: none"> Importation of livestock and animal products from abroad into Indonesia is done to fulfill domestic needs while considering the welfare of local breeders. Provision of Veterinary Drugs may come from domestic production or abroad. 	<ul style="list-style-type: none"> Previously prioritized domestic raw materials for industrial facilities and provided more detail about healthy partnerships between processing industries and livestock breeders and/or cooperatives [13] Previously, there was more emphasis on prioritizing domestic production [13]
		<ul style="list-style-type: none"> Anyone conducting business in the field of animal health services must obtain a business permit from the central government. Animal healthcare professionals who provide animal healthcare services must obtain a business permit from the central government. 	Previously, they were required to obtain a permit from the regent/mayor [13]
		iii. Forestry [14]	
		<ul style="list-style-type: none"> The recognition of forest areas is carried out by utilizing information technology and geographic coordinates or satellites and the government will prioritize the acceleration of recognition. Utilization of protected and production forests can be carried out through social forestry activities provided to individuals, forest farmer groups or cooperatives. 	Not specified in the previous law [14]
		<ul style="list-style-type: none"> The central government regulates the forest area that must be maintained according to physical and geographic conditions of the river basin and/or island. 	Previously, at least 30% of the forest area must be maintained from the river basin or island [14]
		<ul style="list-style-type: none"> The allocation and changes in the function of forest areas are regulated through government regulation without requiring approval from the House of Representatives (DPR). 	Previously, approval had to go through the DPR [14]
		<ul style="list-style-type: none"> Removes the provisions for granting permits for using forest areas that have significant and extensive impacts and strategic value that are carried out by the Minister with the approval of the DPR. 	Previously there were sections related to these provisions [14]
		iv. Energy and Mineral Resources [15, 16, 17, 18, 19]	
		<ul style="list-style-type: none"> Holders of mining business licenses (IUP) or special mining business permits (IUPK) at the Production Operation phase that carry out the 	<ul style="list-style-type: none"> Not specified in previous laws [15, 16]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<p>Development and/or Utilization of Coal may receive certain treatment towards state revenue obligations in the form of a production fee/royalty of 0%</p> <ul style="list-style-type: none"> • Applications for downstream business licensing must be submitted through an electronic Business Licensing system managed by the Central Government. 	<ul style="list-style-type: none"> • Not specified in the previous law [17]
		<ul style="list-style-type: none"> • Removes provisions requiring holders of direct utilization of geothermal permits to pay a production fee. 	<p>Previously there were sections related to these provisions [18]</p>
		<ul style="list-style-type: none"> • Electricity supply is controlled by the state and implemented by the central and regional governments based on regional autonomy in accordance with the norms, standards, procedures, and criteria set by the central government. 	<p>Previously implemented without the criteria set by the central government [19]</p>
		<ul style="list-style-type: none"> • The National Electricity General Plan is prepared based on the national energy policy and is determined by the Central Government. 	<p>Previously determined by the Government after consultation with the DPR [19]</p>
		<ul style="list-style-type: none"> • Generation and/or transmission businesses can be conducted outside of its business area if generation, transmission, distribution, and sales are integrated. • SOEs, region-owned enterprises, private enterprises, cooperatives, and non-governmental organizations providing electricity for public interest must prioritize domestic products and potential. • Central government agencies, regional government agencies, SOEs, region-owned enterprises, private enterprises, cooperatives, individuals, and other businesses carrying out electricity supply businesses for their own interests must prioritize domestic products and potential. • The Central Government can delegate authority for development and supervision to Regional Governments. 	<p>Not specified in the previous law [19]</p>
		<p>v. Nuclear power [20]</p>	
		<ul style="list-style-type: none"> • Nuclear minerals are controlled by the state. • The central government determines the area for nuclear mineral mining in accordance with the provisions of laws and regulations. • The government designates mining activities to be carried out by SOEs in cooperation with private enterprises. 	<p>Not specified in the previous law [20]</p>
		<ul style="list-style-type: none"> • Inspections of Nuclear Installations and installations that utilize Ionizing Radiation are carried out by the Central Government. 	<p>Previously, ionizing radiation installations were carried out by regulatory bodies [20]</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The Central Government provides a permanent storage place for high level Radioactive Waste. 	Previously, implementing agencies provided storage [20]
		vi. Industry [21]	
		<ul style="list-style-type: none"> The Central Government and Local Governments, in accordance with their authorities, provide facilities for the import of raw materials and/or auxiliary materials in accordance with the needs of the industry. 	Not specified in the previous law [21]
		vii. Trade, legal metrology, halal product assurance, and standardization of conformity assessment [22, 23]	
		<ul style="list-style-type: none"> Removes foreign trade control policies for the improvement and development of export-oriented national inventions and innovation products. 	Stated in the previous law [22]
		<ul style="list-style-type: none"> In carrying out its authority, the Halal Product Assurance Organizing Body (BPJPH) works together with relevant ministries or institutions, Halal Inspection Agency (LPH), Indonesian Ulama Council (MUI), provincial MUI, district/city MUI, and the Aceh Consultative Council of Ulama. 	Previously, there was no distinction between MUI, provincial MUI, district/city MUI, and the Aceh Consultative Council of Ulama [23]
		<ul style="list-style-type: none"> Halal declaration of MSMEs as referred to in paragraph (1) is based on halal standards set by BPJPH. BPJPH can work together with universities. If a region does not have a community established LPH, Islamic institutions with legal entities and private tertiary institutions under Islamic institutions with legal entities or Islamic foundations with legal entities can cooperate with SOEs or the National Agency of Drug and Food Control (BPOM). If business activities are carried out by MSMEs, Halal Supervisor may come from Islamic community organizations. The verification period for Halal Certificate applications is no longer than 1 (one) working day. If an application for halal certification is made by an MSME through a halal statement, the Halal Product Fatwa Committee will determine the product halal status based on the provisions of the Halal Fatwa, which must be carried out no later than 1 (one) working day after receiving the results of Halal Product Materials and/or Process (PPH) assistance and no later than 10 days from the application date. The Halal Product Fatwa Committee is responsible to the minister and consists of scholars and academics. 	Not specified in the previous law [23]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Halal certificates by BPJPH must be issued no later than 1 (one) working day after the determination of product halal status is received by BPJPH 	Previously issued no later than 7 working days after the decision on product halal status was received from MUI [23]
		<ul style="list-style-type: none"> The Halal Certificate issued by BPJPH is valid and remains valid as long as there is no change in the composition of PPH. 	Previous validity period was 4 years from BPJH issuance unless there was a change in the composition of ingredients [23]
		<ul style="list-style-type: none"> If there is a change in the composition of materials and/or processes, businesses are required to renew the Halal Certificate. 	Previously, certificate renewal should be submitted no later than 3 months before the expiration date [23]
		<ul style="list-style-type: none"> Halal Product Assurance (JPH) services must use an integrated electronic system. Implementation of JPH services using an integrated electronic system must be gradually developed no later than 1 (one) year after this law is enacted. Halal certificates issued by BPJPH prior to the enactment of this law are declared valid if there is no change in the composition of materials and/or processes. The Halal Products Fatwa Committee must be formed no later than 1 (one) year after this law is enacted, and the Government carries out the duties of the Halal Products Fatwa Committee until the committee is formed. 	Not specified in the previous law [23]
		viii. Public works and housing [24,25]	
		<ul style="list-style-type: none"> To realize the provision of adequate and affordable public housing for low-income communities (MBR), the Central Government establishes the Housing Provision Acceleration Agency. If the construction of simple houses cannot be built in the form of single houses or row houses, it can be converted into public flats built in the same area. The management of funds from the conversion is carried out by the Housing Provision Acceleration Agency. 	Not specified in the previous law [24]
		<ul style="list-style-type: none"> Granting of land rights is based on determination of location or confirmation, approval, or recommendations on the suitability of land use activities. 	Previously, land rights were based on governor or regent/mayor decisions on location or permits [24]
		<ul style="list-style-type: none"> Removes provisions for Construction Services businesses to obtain Business Certification by submitting an application to the Minister 	Previously there were sections related to these provisions [25]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		through a Business Certification institution formed by accredited business associations.	
		ix. Transportation [26, 27, 28]	
		<ul style="list-style-type: none"> Terminal facilities must provide a place for MSME activities, at least 30% 	Not specified in the previous law [26]
		<ul style="list-style-type: none"> Companies providing public transportation for passengers and goods must obtain business licenses from the central or regional government in accordance with the norms, standards, procedures, and criteria set by the central government. 	Previously, permits were separated into passenger transportation permits within or outside of a designated route and special/heavy goods transportation. [26]
		<ul style="list-style-type: none"> As long as Indonesian-flagged ships are not yet available, foreign ships can conduct special activities (besides transporting passengers and goods) in Indonesian territorial waters. 	Not specified in the previous law [27]
		<ul style="list-style-type: none"> Ship owner, operator, or captain must report electronically to the central government in the event of a ship overhaul that alters data in the survey certificate. 	
		<ul style="list-style-type: none"> Certificates are issued after passing an examination and testing, and the applicant demonstrates the ability to operate aircrafts. 	Previously, there were sections related to the provisions of the certificate [28]
		x. Health, medicine, and food [29]	
		<ul style="list-style-type: none"> Sources of food supply are carried out by taking into account the interests of farmers, fishermen, fish cultivators, and SME food entrepreneurs through tariff and non-tariff policies. 	Not specified in the previous law [29]
		xi. Education and culture [30]	
		<ul style="list-style-type: none"> Film-related businesses must obtain permits from the Central Government. 	There were previously more provisions related to film-related business permits. Ministers and Regents/Mayors granted business permits for certain types of businesses [30]
		<ul style="list-style-type: none"> The business permits do not include shows broadcast on TV and information technology. 	
		<ul style="list-style-type: none"> Permits for film-related businesses are regulated in government regulations 	
		xii. Tourism [31]	
		<ul style="list-style-type: none"> Entrepreneurs operating in the tourism sector are required to obtain business permits from the Central Government or Regional Government in accordance with their authority based on norms, standards, procedures, and criteria set by the Central Government 	Previous business licensing was simpler as entrepreneurs were only required to register with the central and regional government, and registrations were regulated in a ministerial regulation [31]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The provincial government has the authority to issue business licenses 	Previously, the central government carried out the registration and data collection for tourism businesses [31]
		<ul style="list-style-type: none"> Products, services, and business management in the tourism sector have business standards in the form of business licensing provisions. 	Business standards were previously in the form of business certification carried out by independent institutions that were regulated by laws and regulations. [31]
		xiii. Religion [32]	
		<ul style="list-style-type: none"> The Central Government supervises Special Hajj Service Providers (PIHK) who facilitate Indonesian citizens invited for Hajj Mujaalah visa by the Government of Saudi Arabia. 	Previously, the minister was responsible for monitoring PIHK [32]
		<ul style="list-style-type: none"> Provisions related to PIHK that do not fulfill their obligations will be subject to administrative sanctions in the form of written warnings, administrative fines, freezing of business licenses, or revocation of business licenses 	Previously, there were no administrative fines that would be imposed on PIHK if they did not fulfill their obligations [32]
		<ul style="list-style-type: none"> To obtain a business license as a Umrah Travel Service Provider, a travel agency must be owned and managed by an Indonesian citizen who is Muslim and meets the requirements in accordance with the norms, standards, procedures, and criteria set by the Central Government 	Previously, there was a requirement that the travel agency must be registered as a legal agency with managerial, technical, competence, personnel and financial capabilities as evidenced by a bank guarantee. [32]
		xiv. Post, telecommunications, and broadcasting [33,34,35]	
		<ul style="list-style-type: none"> Postal service providers must obtain a license from the central government 	Previously, permission to organize postal services had to be obtained from the minister [33]
		<ul style="list-style-type: none"> The Central Government may determine the upper and/or lower tariff limits for telecommunications services. The use of radio frequency spectrum and satellite orbits by non-operators must obtain approval from the Central Government. The central government can revoke business licenses or radio frequency spectrum usage if its usage is not optimal and there are greater public interests. License holders for radio frequency spectrum usage can collaborate for the implementation of new technology and the transfer of spectrum usage. 	Not specified in the previous law [34]
		<ul style="list-style-type: none"> Broadcasting institutions are required to obtain business licenses from the central government 	The previous law included provisions on broadcasting licenses and extensions [35]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Broadcasting services must follow technological developments. Analog broadcast termination (analog switch off) will be completed no later than November 2, 2022. Further provisions regarding the migration from analog to digital broadcasting technology are stipulated in Government Regulations. 	Not specified in the previous law [35]
		xv. Defense and security [36,37]	
		<ul style="list-style-type: none"> Production activities within the scope of the defense industry must obtain business permits from the central government and further provisions are regulated in government regulations. Ownership of capital in the primary equipment industry is owned by SOEs and/or private companies that have received approval from the Ministry of Defense. The Indonesian National Police has the authority to grant business permits and supervise security service businesses in accordance with the provisions of laws and regulations in the field of Business Licensing. 	<ul style="list-style-type: none"> Business licenses for production activities in the defense industry previously required permits from the ministry responsible for defense affairs and would be further regulated in a presidential regulation [36] Previously, ownership of capital in the primary equipment industry was only held by the state [36] Previously, the authority of the Indonesian National Police to grant operational permits and supervise security service businesses was not specifically included in the provisions of laws and regulations regarding Business Licenses. [37]
		D. Simplification of Investment Requirements in Certain Sectors	
		i. Capital investment [38]	
		<ul style="list-style-type: none"> All business sectors are open for Investment activities, except for those declared closed for Investment or activities that can only be carried out by the Central Government. 	Previously, the provisions related to the exception of business sectors open for investments did not specify activities that can only be carried out by the central government [38]
		<ul style="list-style-type: none"> There are provisions related to business sectors closed for investment, such as: <ul style="list-style-type: none"> cultivation and production of class I narcotics; all forms of gambling and/or casino activities; catching fish species listed in Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); utilization or collection of coral and utilization or collection of natural coral to be used for building materials/lime/calcium, aquariums, and souvenirs/jewelry, as well as live or dead coral (recent death coral); 	Previously, the provisions related to business sectors closed for investment only consisted of 2 sectors, namely: <ul style="list-style-type: none"> production of weapons, gunpowder, explosive devices, and military equipment; business sectors that are explicitly declared closed by law [38]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> e. chemical weapons manufacturing industry; f. industrial chemical industry and industrial substances depleting the ozone layer. 	
		<ul style="list-style-type: none"> • Tourism investment activities must also meet the specified criteria. 	Previously, there was no specifications regarding the development of tourism businesses in the criteria for obtaining investment facilities [38]
		<ul style="list-style-type: none"> • Investment companies that will carry out business activities are required to obtain business licenses from the central government or regional government in accordance with their authority based on norms, standards, procedures, and criteria established by the central government. 	Previously, investment companies that would carry out business activities were required to obtain permits in accordance with statutory provisions from agencies that had authority, unless otherwise stipulated in the law. [38]
		ii. Banking [39]	
		<ul style="list-style-type: none"> • Further provisions regarding the requirements for establishing a commercial bank are determined by the Financial Services Authority (OJK) 	Previously, there was no mention of OJK regarding the establishment of commercial bank [39]
		iii. Sharia Banking [40]	
		<ul style="list-style-type: none"> • The maximum ownership of Sharia Commercial Banks by foreign legal entities is determined in accordance with laws and regulations in the field of investment. 	Previously, maximum ownership was determined in Bank Indonesia regulations [40]
2.	Employment	A. Employment [41,42,43,44]	
		<ul style="list-style-type: none"> • Government/company job training institutions must register their activities with the agency responsible for manpower affairs in the district/city. • For private job training institutions with foreign investment, business permits are issued by the Central Government and must meet the norms, standards, procedures, and criteria set by the central government. 	Not specified in the previous law [41]
		<ul style="list-style-type: none"> • There are 7 aspects in the wage section, namely: (i) Minimum wage; (ii) Wage structure and scale; (iii) Overtime pay; (iv) Wages for work absence and/or not performing work for certain reasons; (v) Form and method of wage payment; (vi) Matters that can be calculated with wages; and (vii) Wages as the basis for calculating or paying for other rights and obligations. 	Previously, there were (i) Wages for not working due to activities outside of work (ii) Wages for exercising their right to rest periods (iii) Fines and wage deductions, and (iv) Wages for severance pay and income tax calculation [41]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Minimum wage provisions are calculated using a minimum wage calculation formula that considers variables such as economic growth, inflation, and certain indices. 	<p>Previously, certain index elements were not included in the minimum wage determination formula. The government sets minimum wages based on decent living needs and taking into account productivity and economic growth [41]</p>
		<ul style="list-style-type: none"> Governors are required to establish the provincial minimum wage (UMP) and can establish a district/city minimum wage (UMK). The determination of UMK is made in cases where the UMK calculation result is higher than the UMP. 	<p>Previously, minimum wage was determined by the Governor based on recommendations from the Provincial Wage Council and/or the Regent/Mayor [41]</p>
		<ul style="list-style-type: none"> The minimum wage formula can be changed under certain circumstances. 	<p>The minimum wage formula was not previously subject to changes [41]</p>
		<ul style="list-style-type: none"> Regulations regarding Fixed-Term Employment Agreements (PKWT) does not regulate the contract period. Further provisions regarding the type and nature of work, the period, and deadline of extending PKTW are regulated in Government Regulation. PKWT cannot require a probationary period. If a probationary period is imposed, it is legally null and void, the probationary period is counted as part of the work period. When the PKWT expires, the Employer must provide compensation to the employee in accordance with the employee's working period in the company. 	<ul style="list-style-type: none"> The contract period was previously regulated [41] Previously, PKWT based on a specific period could made for a maximum of 2 years and could only be extended once for a maximum of 1 year [41] Previously, there was no mention that the work period would still be counted if the required probationary period was canceled. [41] Previously, there was no mention of compensation given by the employer when the PKWT expires [41]
		<ul style="list-style-type: none"> The implementation of working hours for employees in the company are regulated in employment agreements, company regulations, or collective bargaining agreements. Further provisions regarding working hours and overtime in certain sectors or occupations are regulated in Government Regulations. 	<p>Previously, these regulations were not included, it was only stated that provisions regarding working hours were regulated based on a Ministerial Decree [41]</p>
		<ul style="list-style-type: none"> Employers who employ workers/laborers for more than the designated working hours must meet the requirements that overtime work can only be done for a maximum of 4 (four) hours in 1 (one) day and 18 (eighteen) hours in 1 (one) week. 	<ul style="list-style-type: none"> Previously, overtime work could only be done for a maximum of 3 (three) hours in 1 (one) day and 14 (fourteen) hours in 1 (one) week in [41]
		<ul style="list-style-type: none"> There are provisions regarding outsourced workers. 	<p>Previously, outsourced employees were not allowed to carry out core activities or activities directly related to the production process, except for</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Outsourcing is limited to only part of the work implementation, the limits of which will be regulated in government regulations. 	<p>supporting services or activities that were not directly related to the production process. [41]</p>
		<p>The method for calculating severance pay is the same as the previous regulation, but this regulation does not state that severance pay is the “minimum” amount that must be paid.</p>	<ul style="list-style-type: none"> The amount of severance pay is adjusted according to length of service, but this rule is the minimum limit that must be given to workers so that it does not preclude employers from giving larger severance pay [53]: (i) less than 1 year of service: severance pay of 1 month’s salary, (ii) over 1 year but less than 2 years of service: severance pay of 2 months’ salary, (iii) over 2 years but less than 3 years of service: severance pay of 3 months’ salary, (iv) over 8 years of service: 9 times the salary. [41]
		<ul style="list-style-type: none"> Removes articles on housing replacement and medical treatment and care is set at 15% of severance pay and/or work appreciation pay for those that qualify. 	<p>Previously there were sections related to these provisions [41]</p>
		<ul style="list-style-type: none"> During the settlement of Industrial Relations Disputes, Employers and Workers/Laborers must continue to carry out their obligations. 	<p>Previously, there was no mention of Worker/Laborer’s carrying out their obligations during the settlement of disputes [41]</p>
		<ul style="list-style-type: none"> Every Employer who employs Foreign Workers must have a Foreign Worker Utilization Plan (RPTKA) approved by the Central Government. Provisions regarding foreign workers do not apply to directors or commissioners with certain share ownership, diplomatic and consular employees at foreign representative offices; or Foreign Workers needed by the Employer. The employer pays compensation for each foreign worker employed in accordance with the provisions of the law. 	<ul style="list-style-type: none"> Previously, every employer who employed foreign workers was required to have written permission from the Minister or an appointed official [41] Previously, the RPTKA did not include directors or commissioners [41] Previously, employers paid compensation for each foreign worker employed in accordance with government regulations [41]
		<ul style="list-style-type: none"> Termination of Employment must be carried out through bipartite negotiations between Employers and Workers/Laborers and/or Trade Unions/Labor Unions. 	<p>Previously, Termination of Employment was not carried out through bipartite negotiations [41]</p>
		<ul style="list-style-type: none"> Employers may suspend workers/laborers who are in the process of termination of employment while continuing to pay wages and other rights that are normally received by workers. 	<p>Not specified in the previous law [41]</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Employers are not obliged to pay wages to workers/laborers who are detained by the authorities for alleged criminal acts but are required to provide assistance to the families of workers/laborers who are their dependents. 	Previously, if workers/laborers are detained by the authorities for reasons unrelated to the workplace, employees are still required to provide assistance to the families of workers/laborers who are their dependents [41]
		<ul style="list-style-type: none"> Provisions related to leave: Weekly rest 1 day for 6 working days in 1 week 	Previously, the provisions related to leave were as follows: Weekly rest 1 day for 6 working days in 1 week or 2 days for 5 working days in 1 week [41]
		B. Types of Social Security Programs [42]	
		<ul style="list-style-type: none"> Types of social security programs include: (a) health insurance; (b) work accident insurance; (c) old age insurance; (d) retirement insurance; and (e) life insurance; (f) unemployment insurance. Workers/laborers who experience termination of employment are entitled to employment insurance, which is administered by the social security agency for employment and the Central Government. 	Previously there was no unemployment insurance under the social security program [42]
		C. Social Security (Badan Penyelenggara Jaminan Sosial or BPJS) [43]	
		<ul style="list-style-type: none"> Employment BPJS administers the following programs: (a) work accident insurance; (b) old age insurance; (c) retirement insurance; and (d) life insurance; (e) unemployment insurance. 	Previously, there was no information about unemployment insurance in the BPJS program [43]
		<ul style="list-style-type: none"> The initial capital for Health BPJS and Employment BPJS is set at a maximum of IDR 2 trillion (USD 133.84 million) each. The initial capital for the unemployment insurance program is set at a minimum of IDR 6 trillion (USD 401.53 million) The budget is sourced from the state budget (APBN). 	Previously, there was no information regarding the initial capital for the unemployment insurance program [43]
		D. Protection of Indonesian Migrant Workers [44]	
		<ul style="list-style-type: none"> Indonesian migrant worker placement companies are required to have permits that meets Business Licensing requirements issued by the Central Government. Business Licensing must meet the norms, standards, procedures, and criteria set by the Central Government. 	<ul style="list-style-type: none"> Previously, companies employing Indonesian migrant workers were required to obtain written permission in the form of an Indonesian Migrant Worker Recruitment Permit (SIP3MI) from the Minister [44] Previously, further provisions related to licensing were regulated in a Ministerial Regulation [44]
3.	Ease, protection, and empowerment of	A. Cooperatives [45]	
		<ul style="list-style-type: none"> Provisions related to criteria for establishing a cooperative. Primary cooperatives are established by at least 9 people. 	Previously, the requirement for establishing a primary cooperative was at least 20 people [45]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
	Cooperatives and MSMEs	<ul style="list-style-type: none"> • Secondary cooperatives are established by at least 3 (three) cooperatives. • Sharia-based cooperatives must have a sharia supervisory board. • Cooperative businesses can be carried out as a single business or multiple businesses. 	Not specified in the previous law [45]
		B. Criteria for Micro, Small and Medium Enterprises (MSMEs) [46]	
		<ul style="list-style-type: none"> • Criteria for MSMEs can include business capital, net worth indicators, annual sales revenue, or investment value, incentives and disincentives, application of environmentally friendly technology, local content, or the number of employees in accordance with the criteria of each business sector. 	Previously, the criteria for MSMEs were based on net worth and annual sales revenue [46]
		<ul style="list-style-type: none"> • Additional articles related to the implementation of supply chain partnerships. • The implementation of the supply chain partnerships can be carried out through the activities of SMEs by Medium Enterprises and Large Enterprises, which include at least: (a) management of product movement carried out by companies with raw material providers; (b) distribution of products from companies to consumers; and/or (c) management of raw material availability, raw material supply, and fabrication processes. 	Not specified in the previous law [46]
		C. Single Database	
		<ul style="list-style-type: none"> • The central and regional governments must implement an integrated information and data collection system for MSMEs that will be used as a single database. • The single database serves as a basis for determining policies related to MSMEs. • The single database is presented in a timely, accurate, beneficial, and accessible manner for the public. • The single database must be established no later than November 2, 2022. 	There was no previous law
		D. Integrated Management of Micro and Small Enterprises	
		<ul style="list-style-type: none"> • The Central Government encourages the implementation of integrated management for micro and small enterprise clusters through synergy between the central government, regional governments, and related stakeholders. 	There was no previous law

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The determination of micro and small enterprise cluster location takes into account potential, regional advantages, and business strategy. The central government evaluates the integrated management of micro and small enterprise clusters. 	
		E. Partnerships	
		<ul style="list-style-type: none"> The central and regional governments provide incentives and ease of doing business for partnerships. The central and regional governments monitor and evaluate the implementation of partnerships between medium enterprises and large enterprises with cooperatives, micro enterprises, and small enterprises. The central government regulates the provision of incentives to medium and large enterprises that establish partnerships with cooperatives, micro enterprises, and small enterprises. 	There was no previous law
		F. Ease of Business Licensing	
		<ul style="list-style-type: none"> The central and regional governments are required to provide guidance and registration for micro and small enterprises based on the norms, standards, procedures, and criteria set by the central government. Registration can be done online or offline by attaching an Identity Card. The central and regional governments facilitate standard certification and permits regulated in government regulations. 	There was no previous law
		G. Ease of Facilitation of Financing and Fiscal Incentives	
		<ul style="list-style-type: none"> Micro and small enterprises are given ease/simplification of tax administration in order to apply for financing facilities. Micro and small enterprises that apply for business permits can be given incentives in the form of fee exemption or reduction of fees. Micro and small enterprise activities can be used as collateral for program loans. 	There was no previous law
		H. Special Allocation Funds, Legal Assistance and Assistance, Procurement of Goods and Services, and Bookkeeping/Financial Recording and Incubation Systems/Applications	
		<ul style="list-style-type: none"> The central government allocates Special Allocation Funds to support funding for regional governments to empower and develop MSMEs. The central government and regional governments are required to provide legal aid and guidance services for micro and small enterprises. 	There was no previous law

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The central government and regional governments are required to provide training and guidance for financial bookkeeping/recording systems/applications for micro and small enterprises. 	
		<p>I. Participation of Micro, Small and Cooperative Enterprises in Public Infrastructure</p> <ul style="list-style-type: none"> There are additional articles related to promotion and development of MSMEs on toll roads. Inter-city toll roads must be equipped with rest areas and services as well as provide places for the promotion and development of MSMEs. The allocation of land on toll roads is at least 30% of the total commercial land area for MSMEs. 	Not specified in the previous law [47]
4.	Ease of doing business	<p>A. Immigration [48]</p> <ul style="list-style-type: none"> Visit visas are granted to foreigners who will travel to Indonesian territory for government assignments, education, socio-culture, tourism, pre-investment, business, family, journalism, or transit to continue their trip to other countries. Permanent residence permits can be granted to second homes. Residence permits are granted to: (i) foreigners holding limited stay permits as clerics, workers, investors, and second homes; (ii) mixed marriage families; (iii) spouses and/or children of foreigners holding permanent residence permits; and (iv) foreigners who are former Indonesian citizens and former Indonesian citizens with dual citizenship. Further provisions regarding permanent residence permits are regulated in government regulations. <p>B. Patents [49]</p> <ul style="list-style-type: none"> The provision regarding the time period for requesting substantive examination of simple patents is not specified. The announcement of simple patent applications shall be made no later than 14 days from the date of receipt of the simple patent application. Provisions for submitting opinions and/or objections to patent applications do not apply to the submissions of opinions and/or objections to simple patent applications. 	<p>Previously, pre-investment was not specified in the provisions related to visit visas [48]</p> <p>Previously, second homes were not specified in the terms of the permanent residence permit [48]</p> <p>Previously, foreign senior citizens were eligible for permanent residence permits [48]</p> <p>Previously, a request for substantive examination of a simple patents could be made simultaneously with the submission of a simple patent application or a maximum of 6 (six) months from the date of receipt of a simple patent application, subject to a fee. [49]</p> <p>Previously, the announcement of a patent application had to be made no later than 7 days after 3 months from the date of receipt.</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The Minister is required to approve or reject a simple patent application no later than 6 (six) months from the filing date of a simple patent application. 	<ul style="list-style-type: none"> Previously no explanation on exceptions for submitting opinions and/or objections to patent applications [49] Previously, the minister was required to approve or reject a simple patent application no later than 12 months from the filing date [49]
		C. Branding [50]	
		<ul style="list-style-type: none"> A brand cannot be registered if it contains a functional form. Terms and consequences are not specified for brand certificates that have been issued but not collected by the brand owner within a certain period of time. 	<p>Not specified in the previous law [50]</p> <p>Previously, the issued brand certificate had to be collected by the brand owner no later than 18 days from the issuance date or the registered brand would be deemed withdrawn or revoked [50]</p>
		D. Limited Liability Company [51]	
		<ul style="list-style-type: none"> The company must have a minimum amount of capital, which is based on the decision of the company's founders. Further provisions regarding the company's minimum capital are regulated in government regulations. Provisions regarding the cost of a company as a legal entity are regulated in accordance with the provisions of laws and regulations in the field of non-tax state revenue. 	<p>Previously, the minimum capital in the company was IDR 50 million (USD 3,346) [51]</p> <p>Not specified in the previous law [51]</p>
		<ul style="list-style-type: none"> A company that meets the criteria for micro and small businesses can be established by 1 (one) person based on an establishment letter written in Indonesian. The statement of establishment of the company is registered electronically to the minister by filling in the form. Changes to the statement of establishment of a company for micro and small businesses are determined by the General Meeting of Shareholders (GMS) and notified electronically to the Minister. The company's directors must prepare financial reports to realize good governance. The dissolution of a company for micro and small businesses is notified electronically to the minister. Companies for micro and small businesses are granted fee waivers related to the establishment of legal entities. Shareholders of micro companies are not responsible for the company's losses that exceed their shares. 	<p>Not specified in the previous law [51]</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		E. Nuisance Act [52]	
		<ul style="list-style-type: none"> • <i>Staatsblad</i> of 1926 Number 226 in conjunction with <i>Staatsblad</i> of 1940 Number 450 concerning the Nuisance Law (<i>Hinderordonnantie</i>) is repealed and declared no longer valid. 	The previous law was declared repealed and no longer valid [52]
		F. Taxation [53,54,55,56]	
		<ul style="list-style-type: none"> • The country of foreign taxpayers who do not carry out or conduct business activities through a permanent establishment in Indonesia is the country of residence or domicile of foreign taxpayers who receives benefits from the income (beneficial owner). • Tax withholding is final, unless: (a) withholding on the income of parent companies and other foreign entities that are not Indonesian taxpayers and have special relationships with the parent company from their business activities; (b) withholding on the income received or obtained by foreign individuals or entities that change their status to Indonesian taxpayers or permanent establishments. 	Not specified in the previous law [53]
		<ul style="list-style-type: none"> • Taxable entrepreneurs are required to issue tax invoices for each: (a) delivery of taxable goods; (b) delivery of taxable services; (c) export of intangible taxable goods; and (d) export of taxable services. 	Previously, it was not stated that taxable entrepreneurs are required to issue tax invoices for non-physical taxable goods export and taxable service export [54]
		<ul style="list-style-type: none"> • Outstanding tax payments based on the Annual Income Tax Return must be paid in full before the Income Tax Return is submitted. 	Previously, there was a 3-month period after the end of the tax year or tax period to settle outstanding tax payments [56]
		<ul style="list-style-type: none"> • There are additional articles regarding the provision of interest payments for taxpayers. • Taxpayers are given interest payments in the event of that objection, appeal, or request for review is partially or fully granted, resulting in overpayment of taxes. 	Not specified in the previous law [55]
		G. Import of Fishery Commodities and Salt Commodities [57]	
		<ul style="list-style-type: none"> • Further provisions regarding the control of fishery and salt commodity imports are regulated by a government regulation. 	Previously, the control of fishery and salt commodity imports had to obtain a recommendation from the minister [57]
		<ul style="list-style-type: none"> • There are additional articles related to sanctions for individuals who import fishery and salt commodities that do not comply with the regulations. 	Not specified in the previous law [57]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Anyone who imports fishery and salt commodities that do not comply with the place of entry, type, time of entry, and/or mandatory quality standards will be subject to administrative sanctions in the form of: (a) temporary suspension of activities; (b) suspension of business permits; (c) administrative fines; (d) forced action by the central government; and/or (e) revocation of business licenses. 	
		H. Compulsory Company Registration [58]	
		<ul style="list-style-type: none"> The previous law was declared repealed and no longer valid. 	
		I. Village Owned Enterprises [59]	
		<ul style="list-style-type: none"> Regional government is the head of the region as an element of regional administration who leads the implementation of government affairs which fall under the authority of the autonomous region. 	Previously, regional government was defined as Governor, Regent, or Mayor and regional apparatus as elements of regional administration [59]
		<ul style="list-style-type: none"> Village owned enterprises can form legal business entities according to their needs and objectives. Further provisions regarding village owned enterprises are regulated by Government Regulations. 	Not specified in the previous law [59]
		J. Prohibition of Monopolistic Practices and Unfair Business Competition [60]	
		<ul style="list-style-type: none"> There is no provision regarding the timeframe for the Supreme Court to issue a verdict after the cassation appeal is received. 	Previously, the Supreme Court had to issue a verdict within 30 (thirty) days after cassation appeal was received [60]
		<ul style="list-style-type: none"> Provisions regarding the examination procedures at the Commercial Court and the Supreme Court are carried out in accordance with legislative provisions. 	Not specified in the previous law [60]
		<ul style="list-style-type: none"> If there are no objections, the Commission's decision is requested for an execution order from the Commercial Court. 	Previously, if there were no objections, the Commission's decision requested an execution order from the District Court [60]
5.	Research and innovation support	<ul style="list-style-type: none"> Plans for special assignments to SOEs to carry out national research and innovation functions are jointly reviewed by the central government and SOEs. If the assignment is financially infeasible, the central government must provide compensation for all costs incurred by the SOE. Assignments to SOEs must obtain approval from the GMS or the Minister. 	Not specified in the previous law [61]
		<ul style="list-style-type: none"> The National Research and Innovation Agency (BRIN) was formed to carry out integrated Research, Development, Assessment and Application, as well as Invention and Innovation. 	Previously, BRIN was formed by the president, but there were no specifications regarding the formation of an agency by the regional government [62]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> Local governments form an agency to carry out integrated Research, Development, Assessment and Application, as well as Invention and Innovation in the region. 	
6.	Land acquisition	<p>A. Procurement of land for development in the public interest</p> <ul style="list-style-type: none"> Land acquisition of objects included in forest areas, village treasury land, waqf land, customary/indigenous land, and/or land assets of the central government, regional government, SOE, or region-owned enterprise must have their land status resolved up to the location determination stage. If the land acquisition object is included in a forest area, changes can be made through the mechanism of: <ul style="list-style-type: none"> Releasing of the forest area if the land acquisition is carried out by a government agency. Releasing of the forest areas or temporary use if the land acquisition is carried out by the private sector. Addition of upstream and downstream oil and gas industrial areas; special economic zones; industrial areas; tourism areas; food security areas; and technology development areas under the category of land for public interest. Procurement of land for public purposes with an area of no more than 5 hectares can be directly carried out by the agency requiring the land with the party entitled and location determination is carried out by the regent/mayor in accordance with spatial planning suitability. <p>B. Protection of sustainable food agricultural land</p> <ul style="list-style-type: none"> Sustainable food crop agricultural land can be converted for public interest or national strategic projects. <p>C. Land Bank</p> <ul style="list-style-type: none"> Establishes provisions for the formation of land banks by the central government to manage land. Land banks functions to carry out the planning, acquisition, procurement, management, utilization, and distribution of land. The source of land bank assets is from the state budget, own income, state capital participation, and other sources in accordance with laws and regulations. 	<p>Not specified in the previous law [63]</p> <p>Sustainable food crop agricultural land is protected and prohibited from being converted except for public interest [64]</p> <p>Not regulated in previous laws</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		D. Strengthening management rights	
		<ul style="list-style-type: none"> • Strengthens the provisions on management rights over state land. 	Not regulated in previous laws
		E. Apartment units for foreigners	
		<ul style="list-style-type: none"> • Ownership of apartment units can be granted to Indonesian citizens, Indonesian legal entities, foreigners with permits in accordance with regulations, foreign legal entities that have representatives in Indonesia, and representatives of foreign countries and international institutions that are located or have representatives in Indonesia. • Ownership of apartment units can be transferred and used as collateral. If used as collateral, it can be charged with mortgage rights according to regulations. • Apartment buildings in this regulation are built based on: <ul style="list-style-type: none"> – Building use rights or occupancy rights on state land. – Building use rights or occupancy rights on land with management rights. • The extension of the occupancy right for an apartment building is given if it has received a function-worthiness certificate. 	Not regulated in previous laws
		F. Granting land/management rights for above ground and underground spaces	
		<ul style="list-style-type: none"> • Land or space formed above ground and/or underground can be granted building use rights, land use rights, or management rights. • The land ownership limit for above ground spaces is in accordance with the building base coefficient, floor area ratio, and spatial planning as regulated by statutory provisions. • The land ownership limit for underground spaces is in accordance with the depth limit for utilization according to statutory provisions. • Evidence of land rights, apartment ownership rights, management rights, and mortgage rights, including transfer deeds and land rights burdens can be in electronic form. 	Not regulated in previous laws
7.	Economic zones	A. Special Economic Zone (SEZ)	
		<ul style="list-style-type: none"> • Private enterprises that propose and manage SEZs must be in the form of limited liability companies. • Addition of administrator duties, namely as a work unit that administers business permits, other permits, services, and supervision in the SEZ. 	<ul style="list-style-type: none"> • Previously, there was no requirement to be a limited liability company [65] • Previously, administrative tasks were only to assist the Regional Council in implementing SEZ [65] • Not previously included [65]

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> The Regional Council assists the national council in supervising the administrator. Business activities in SEZs consist of production and processing; logistics and distribution; technology development; tourism; education; health; energy; and other economic activities as determined by the national council. Central and regional governments must support established SEZs. 	<ul style="list-style-type: none"> Previously, distribution, education and health were not included in SEZ business activities [65] Not previously included [65]
		<ul style="list-style-type: none"> Private enterprises as well as provincial and district/city governments can directly propose the formation of SEZs to the National Council. 	<ul style="list-style-type: none"> Proposals by private enterprises are submitted through the provincial government after obtaining approval from the district/city government [65] Proposal by district/city government through provincial government [65] Proposals by the provincial government must obtain approval from the district/city government [65]
		<ul style="list-style-type: none"> Environmental approval is one of the requirements for proposing the establishment of a SEZ 	<p>Environmental impact analysis (EIA) is one of the requirements for the proposed SEZ [65]</p>
		<ul style="list-style-type: none"> Provisions for tax exemption from value-added tax (VAT), sales tax on luxury goods, and VAT on taxable goods, intangible taxable goods, and taxable services. 	<p>Previously only for taxable goods [65]</p>
		<ul style="list-style-type: none"> Importation of goods to SEZs can be granted exemption on customs duties. Importation of consumer goods to SEZ whose main activities are not production and processing are granted exemption from customs duty and are not subject to taxes for imported consumer goods that are not excisable goods. If imported consumer goods are exported to another place within the customs area, custom duties and/or taxes will be imposed on the imported goods. 	<p>Not included in previous laws [65]</p>
		<ul style="list-style-type: none"> Reduction of fees for land acquisition and building rights, and reduction of land and building taxes are included in the types of incentives that can be given to taxpayers who do business in SEZs. SEZs are granted special procedures and facilitation for obtaining land rights, extensions, and renewals. 	<p>Not included in previous laws [65]</p>

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> SEZs that carry out business activities related to industry are also designated as industrial estates. 	
		<ul style="list-style-type: none"> SEZ are granted facilitation and relaxation for immigration of foreigners. 	Previously for foreign businesses [65]
		B. Free Trade Zone and Free Port Area (Kawasan Perdagangan Bebas dan Pelabuhan Bebas or KPBPB)	
		<ul style="list-style-type: none"> KPBPB consists of KPBPB Sabang, KPBPB Batam, KPBPB Bintan, and KPBPB Karimun. 	New article that was not in the previous law.
		<ul style="list-style-type: none"> Importation of consumer goods from outside the customs area for the needs of the population in the KPBPB Zone is granted exemptions from customs duties, VAT, and luxury goods sales tax. 	Tax exemption was also granted previously [66]
8.	Central Government investment and acceleration of national strategic projects	<p>A. Central government investment¹</p> <ul style="list-style-type: none"> The purpose and objective of central government investment is to obtain economic, social, and other benefits; contribute to the development of the national economy and state revenue; obtain profits; and provide public benefits, but not limited to job creation. Central government investment is carried out by the Ministry of Finance or Sovereign Wealth Fund (SWF) The source of SWF's investment come from state assets, SOE assets, and other sources that have been transferred (through buying and selling, equity participation, or other means) to become SWF's assets. SWF can invest directly or indirectly, cooperate with third parties, or form an Indonesian or foreign legal entity. Profits or losses from SWF investments are SWF's gains or losses. If SWF makes a profit, a portion of the profit is deposited into the state treasury. SWF financial audits are conducted by public accountants registered with the Supreme Audit Agency (BPK) and OJK. <p>B. Sovereign Wealth Fund²</p> <ul style="list-style-type: none"> Explains the provisions for establishing an SWF including the organizational structure, authority of the supervisory board, and board of directors. 	<p>Previously regulated in Government Regulation (PP)</p> <p>Previously regulated in PP</p>

¹ PP No. 63 of 2019 on Government Investment.

² PP No 74 of 2020 regarding Investment Management Institutions

NO	SCOPE	CONTENTS	DIFFERENCES COMPARED TO PREVIOUS LAWS
		<ul style="list-style-type: none"> • SWF's initial capital can be in the form of cash funds, state-owned assets, state receivables, or state-owned shares in an SOE or limited liability company. • Minimum initial capital of IDR 15 trillion (USD 1 billion) in cash and can be increased by the central government. 	
		C. Ease of National Strategic Projects (Proyek Strategis Nasional or PSN)³	
		<ul style="list-style-type: none"> • The central or local government, in accordance with their authority, is responsible for providing land and business permits for PSNs. • If land acquisition for PSN cannot be carried out by the central or regional government, it can be carried out by a business entity in accordance with the laws and regulations on land acquisition for public interest. 	Previously regulated in PP
9.	Implementation of government administration	A. Government Administration	
		<ul style="list-style-type: none"> • Explains the provisions of government officials' decisions, which include permits, standards, dispensations, discretion, and concessions. 	Previously, there were no provisions regarding standards [67]
		B. Regional Government	
		<ul style="list-style-type: none"> • Regional development plans are prepared based on national research and innovation guided by Pancasila values. 	Previously, there was no provision for it to be based on research and innovation [68]
		<ul style="list-style-type: none"> • Regional governments can establish regulations to simplify the types and procedures of public services in accordance with the norms, standards, procedures, criteria, and policies of the central government. 	Previously there were no provisions that required compliance with the norms, standards, procedures, criteria, and policies of the central government [68]
		<ul style="list-style-type: none"> • The central government can provide budgetary incentive support to regional governments if the regional government's own source revenue (PAD) is reduced due to simplification and implementation of business permits by the local government. 	Not included in the previous law [68]
		<ul style="list-style-type: none"> • Regional heads are required to provide business permit services in accordance with legislation and norms, standards, procedures, and criteria established by the central government. 	<ul style="list-style-type: none"> • Regional heads are required to provide business licensing services in accordance with statutory provisions [69]
		<ul style="list-style-type: none"> • Business permit services must use an electronic business permit system managed by the central government. 	<ul style="list-style-type: none"> • Permits are issued through a one-stop integrated service unit established by the local government [69]

³ PP No 42 of 2021 regarding National Strategic Project Facilitation

4. REFERENCES TO THE PREVIOUS REGULATIONS

- [1] Law No. 26 of 2007 concerning Spatial Planning
- [2] Law No. 27 of 2007 concerning Management of Coastal Areas and Small Islands
- [3] Law No. 1 of 2014 concerning Amendments to Law No. 27 of 2007
- [4] Law No. 4 of 2011 concerning Geospatial Information
- [5] Law No. 32 of 2009 concerning Environmental Protection and Management
- [6] Law No. 28 of 2002 concerning Buildings
- [7] Law No. 31 of 2004 concerning Fisheries
- [8] Law No. 45 of 2009 concerning Amendments to Law No. 31 of 2004
- [9] Law No. 39 of 2014 concerning Plantations
- [10] Law No. 22 of 2019 concerning Sustainable Agricultural Cultivation Systems
- [11] Law No. 19 of 2013 concerning Farmer Protection and Empowerment
- [12] Law No. 13 of 2010 concerning Horticulture
- [13] Law No. 18 of 2009 concerning Animal Husbandry and Health
- [14] Law No. 41 of 1999 concerning Forestry
- [15] Law No. 4 of 2009 concerning Mineral and Coal Mining
- [16] Law No. 3 of 2020 concerning Amendments to Law No. 4 of 2009 concerning Mineral and Coal Mining
- [17] Law No. 22 of 2001 concerning Oil and Gas
- [18] Law No. 21 of 2014 concerning Geothermal Energy
- [19] Law No. 30 of 2009 concerning Electricity
- [20] Law No. 10 of 1997 on Nuclear Energy
- [21] Law No. 3 of 2014 concerning Industry
- [22] Law No. 7 of 2014 concerning Trade
- [23] Law No. 33 of 2014 concerning Halal Product Assurance
- [24] Law No. 1 of 2011 concerning Housing and Settlement Areas
- [25] Law No. 20 of 2011 concerning Apartments
- [26] Law No. 22 of 2009 concerning Traffic and Road Transportation
- [27] Law No. 17 of 2008 concerning Shipping
- [28] Law No. 1 of 2009 concerning Aviation
- [29] Law No. 18 of 2012 concerning Food
- [30] Law No. 33 of 2009 concerning Film
- [31] Law No. 10 of 2009 concerning Tourism
- [32] Law No. 8 of 2019 concerning the Implementation of Hajj and Umrah Pilgrimage
- [33] Law No. 38 of 2009 concerning Post
- [34] Law No. 36 of 1999 concerning Telecommunications
- [35] Law No. 32 of 2002 concerning Broadcasting
- [36] Law No. 16 of 2012 concerning the Defense Industry
- [37] Law No. 2 of 2022 concerning the Indonesian National Police
- [38] Law No. 25 of 2007 concerning Investment
- [39] Law No. 7 of 1992 concerning Banking
- [40] Law No. 21 of 2008 concerning Islamic Banking
- [41] Law No. 13 of 2003 concerning Manpower
- [42] Law No. 40 of 2004 concerning the National Social Security System
- [43] Law No. 24 of 2011 concerning Social Security Providers
- [44] Law No. 18 of 2017 concerning Protection of Indonesian Migrant Workers
- [45] Law No. 25 of 1992 concerning Cooperatives
- [46] Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises
- [47] Law No. 38 of 2004 concerning Roads
- [48] Law No. 6 of 2011 concerning Immigration
- [49] Law No. 13 of 2015 concerning Patents
- [50] Law No. 20 of 2016 concerning Trademarks and Geographical Indications
- [51] Law No. 40 of 2007 concerning Limited Liability Companies

- [52] Staatsblad of 1926 No 226 in conjunction with Staatsblad of 1940 No 450 concerning the Nuisance Law
- [53] Law No. 7 of 1983 concerning Income Tax
- [54] Law No. 7 of 2021 concerning Harmonization of Tax Regulations
- [55] Law No. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods
- [56] Law No. 6 of 1983 concerning General Provisions and Tax Procedures
- [57] Law No. 7 of 2016 concerning the Protection and Empowerment of Fishermen, Fish Farmers and Salt Farmers
- [58] Law No. 3 of 1982 concerning Mandatory Company Registration
- [59] Law No. 6 of 2014 concerning Villages
- [60] Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Business Competition
- [61] Law No. 19 of 2003 concerning State Owned Enterprises
- [62] Law No. 11 of 2019 concerning the National System of Science and Technology
- [63] Law No. 12 of 2012 concerning Land Acquisition for Development for Public Interest
- [64] Law No. 41 of 2019 concerning Protection of Sustainable Food Agricultural Land
- [65] Law No. 39 of 2009 concerning Special Economic Zones
- [66] Law No. 36 of 2000 concerning the Ratification of Government Regulation in Lieu of Law No. 1 of 2000 concerning Free Trade Zones and Free Ports
- [67] Law No. 30 of 2014 concerning Government Administration
- [68] Law No. 23 of 2014 concerning Regional Government

This summary is prepared by USAID Economic Growth Support Activity (EGSA) for USAID/Indonesia, April 2023.

5. REFERENCES

CNN Indonesia. (January 4, 2023). Perppu Ciptaker Hapus Sanksi Rp 2 M dan Pidana Importir Pangan Nakal. <https://www.cnnindonesia.com/ekonomi/20230104175517-92-896203/perppu-ciptaker-hapus-sanksi-rp2-m-dan-pidana-importir-pangan-nakal>

Fajrian H. (April 9, 2023). Buruh Gugat UU Ciptaker ke Mahkamah Konstitusi Untuk Diuji. <https://katadata.co.id/happyfajrian/berita/6432772112330/buruh-gugat-uu-ciptaker-ke-mahkamah-konstitusi-untuk-diuji>

Pramono N. (January 11, 2023). Job Creation Law and Legal Certainty of Investment Climate. <https://www.kompas.id/baca/english/2023/01/11/job-creation-law-and-legal-certainty-of-investment-climate>

UNCTAD. (November 2, 2020). “Omnibus Law” on job creation has been enacted. <https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3567/indonesia-omnibus-law-on-job-creation-has-been-enacted>

Zahra SA. (April 7, 2023). UU Cipta Kerja Memudahkan Investor Masuk Indonesia. <https://radarsampit.jawapos.com/nasional/07/04/2023/uu-cipta-kerja-memudahkan-investor-masuk-indonesia/>