



ADIKARA DARMAWAN
AND PARTNERS

ADP LEGAL UPDATE

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OSS 2.0: Transitioning Risk-Based Licensing Regime from **GR 5/2021** to **GR 28/2025**

Indonesia is ushering in a new chapter in business licensing with the enactment of Government Regulation No. 28 of 2025, which replaces the widely implemented Government Regulation No. 5 of 2021 on Risk-Based Business Licensing. This strategic regulatory overhaul introduces key revisions aimed at strengthening legal certainty and enhancing the overall ease of doing business. One of the key highlights is the reinforcement of digital integration within the OSS system, positioning Indonesia to foster a more transparent, efficient, and competitive business environment.

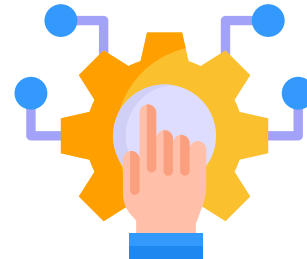
BACKGROUND

The revocation of Government Regulation No. 5 of 2021 (“GR 5/2021”) by Government Regulation No. 28 of 2025 (“GR 28/2025”) was driven by the need to refine the implementation of the risk-based business licensing system, which has continued to encounter various challenges in practice. In response, GR 28/2025 was introduced to strengthen licensing governance, improve procedural efficiency, and ensure a more adaptive and transparent licensing process—ultimately aimed at fostering a more conducive and competitive investment climate in Indonesia.

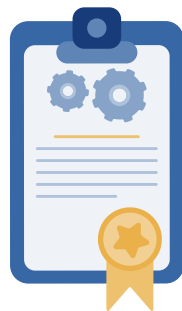
KEY TAKEAWAYS



**Extending the Reach
of Business Sector
Classifications**



**Expansion the
OSS subsystem**

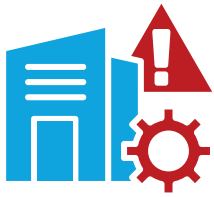


**Provides greater clarity on
the phases for initiating and
operating business**



**Expansion of
authority in Business
Licensing**

KEY TERMS



Risk-Based Business Licensing (“PBBR”)

Risk-based Business Licensing is a business licensing approach that utilizes risk assessment outcomes in all business activities as the basis for determining licensing requirements.

Article 1 (1) Amended GR 28/2025



Business Licensing (“PB”)

PB refers to the legal authorization granted to business actors to commence and carry out their business activities,

Article 1 (3) GR 28/2025



Business Licensing to Support Business Activities (“PB UMKU”)

PB UMKU refers to the legal authorization granted to business actors to support the implementation of their business activities.

Article 1 (4) GR 28/2025



Free Trade Zone and Free Port (“KPBPB”)

KPBPB refers to a Free Trade Zone and Free Port as regulated under the prevailing laws and regulations concerning free trade zones and free ports.

Article 1 (8) GR 28/2025



Online Single Submission (“OSS System”)

OSS System (Risk-Based Approach) is an integrated electronic licensing system managed and operated by the OSS institution for the implementation of PBBR.

Article 1 (21) GR 28/2025



Investment and One-Stop Integrated Services Office (“DPMPTSP”)

DPMPTSP refers to It is a regional government agency at the provincial or regency/municipality level responsible for administering regional government affairs in the field of investment.

Article 1 (25) GR 28/2025

EXTENDING THE REACH OF BUSINESS SECTOR CLASSIFICATIONS

GR 28/2025 enhances the initial risk-based business licensing framework introduced under GR 5/2021 by expanding its scope from **16 to 22 sectors**. This broadened coverage addresses prior limitations and reflects a more adaptive and inclusive regulatory approach in line with evolving business activities and emerging industries.

Article 5 (2) GR 28/2025

Additional Business Sectors under GR 28/2025

COOPERATIVE

The cooperative sector PB includes (i) savings and loans business activities (from & to cooperative members; and from & to other cooperatives) and (ii) cooperative rating activities business activities.

Article 184 GR 28/2025

INVESTMENT

The investment sector business license covers business activities that are not yet regulated by, or do not fall under the authority of, any existing ministry or government agency. The business activities include the following: law offices; intellectual property consultant offices; translator or interpreter offices; private libraries and archives; holding company activities; burial services and related activities; and other management consultancy activities.

Article 185 (1) GR 28/2025

CREATIVE ECONOMY

The creative economy sector business license includes creative economy business activities.

Article 181 GR 28/2025

LEGAL METROLOGY

The Legal Metrology sector business license for PB includes (i) domestic trade business activities; (ii) national export development business activities; and (iii) commodity futures trading, warehouse receipt systems, and commodity auction markets. Meanwhile, the PB UMKU covers (i) consumer protection and trade offer business activities; and (ii) domestic trade business activities.

Article 156 GR 28/2025

ELECTRONIC SYSTEMS AND TRANSACTIONS

The Electronic Systems and Transactions business license for PB includes (i) Internet of Things consulting and design activities; (ii) digital identity provision activities; (iii) electronic certificate provision activities and services that use electronic certificates; (iv) artificial intelligence-based programming activities; (v) blockchain technology development activities; and (vi) software publishing activities. Meanwhile, the PB UMKU covers (i) registration of private electronic system organizers, for all business sectors; and (ii) game product classification

Article 186 GR 28/2025

GEOSPATIAL INFORMATION

The geospatial information sector business license includes: (i) planning and supervision of geospatial information implementation business activities; (ii) implementation of geospatial data acquisition based on terrestrial methods, photogrammetry and remote sensing methods, or hydrography business activities; and (iii) processing and management of geospatial information and data.

Article 182 GR 28/2025

EXTENDING THE REACH OF BUSINESS SECTOR CLASSIFICATIONS

Other business sectors under GR 5/2021 that remain recognized under GR 28/2025

MARITIME AND FISHERIES	AGRICULTURE	FORESTRY	ENERGY AND MINERAL RESOURCES
NUCLEAR ENERGY	INDUSTRY	TRADING	PUBLIC WORKS AND HOUSING
TRANSPORTATION	HEALTH, PHARMACEUTICALS AND FOOD	EDUCATION AND CULTURE	TOURISM
RELIGIOUS AFFAIRS	POSTAL SERVICES, TELECOMMUNICATION AND BROADCASTING	DEFENSE AND SECURITY	ENVIRONMENT

EXPANSION OF THE OSS SYSTEM

GR 28/2025 introduces a significant expansion of the service scope within the OSS System. Under the previous regulation, GR 5/2021, the OSS System comprised only three core subsystems. With the enactment of GR 28/2025, three additional subsystems have been integrated, reflecting the government's commitment to enhancing licensing efficiency, supervision, and regulatory coordination.

Article 188 (3) GR 28/2025

SUBSYSTEM	GR 5/2021	GR 28/2025
Information Service Subsystem	✓	✓
Business Licensing Subsystem	✓	✓
Supervision Subsystem	✓	✓
Fundamental Requirements Subsystem		✓
Investment Facilities Subsystem		✓
Partnership Subsystem		✓

EXPANSION OF AUTHORITY IN BUSINESS LICENSING

A significant change introduced by GR 28/2025 concerns the issuance of business licenses. Under the new framework, the procedures for general business actors (PB) and micro and small business actors (PB UMKU) are now clearly delineated. This separation is reflected in the allocation of authority among the relevant institutions responsible for each license type, as detailed in the table below.

Article 138 GR 28/2025

Subsector	GR 5/2021	GR 28/2025	
	PB	PB	PB UMKU
OSS Institution	v	v	
The OSS on behalf of the Minister/Head of Institution	v	v	v
Head of the Provincial DPMPTSP on behalf of the respective Governor	v	v	v
Head of the Regency/Municipal DPMPTSP on behalf of the respective Regent/Mayor	v	v	v
Administrator of the Special Economic Zone (SEZ)	v	v	v
Head of the KPBPB	v	v	v
Minister/Head of Institution through the OSS system.		v	v

PHASES OF BUSINESS INITIATION AND OPERATION

GR 28/2025 establishes a clearer and more structured framework for doing business activities by dividing the process into two distinct sub-stages: **business initiation** and **business operation**.

Article 7 GR 28/2025

GR 28/2025 divide the stages of business initiation into the following: (i) sub-stage of fulfilling business legality; (ii) sub-stage of fulfilling basic requirements in the form of Spatial Utilization Suitability (KKPR) and Environmental Approval (PL) for businesses and/or activities not requiring an Environmental Impact Assessment (Amdal) or Environmental Management and Monitoring Efforts (UKL-UPL); and (iii) sub-stage of obtaining or submitting a business license (PB) based on business activities.

Article 8 GR 28/2025



Business initiation

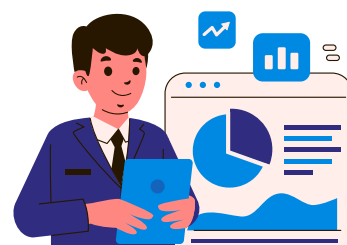


GR 28/2025 stipulates that upon completing the stages of business initiation, Business actors must proceed to fulfill the stages of business operation.

Article 9 (1) GR 28/2025

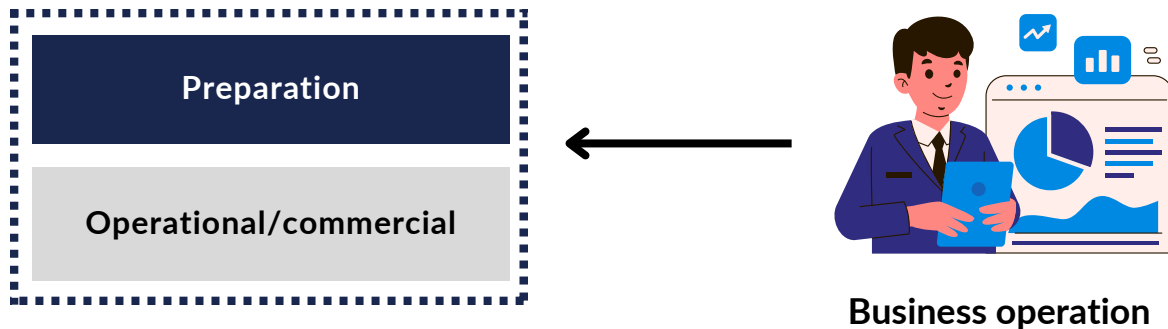
GR 28/2025 categorizes the stages of business operation into two distinct sub-stages: (i) the preparation sub-stage, and (ii) the operational and/or commercial sub-stage.

Article 9 (2) GR 28/2025



Business operation

PHASES OF BUSINESS INITIATION AND OPERATION



Preparation

Preparation consists of the following activities: (i) land acquisition; (ii) fulfillment of basic requirements in the form of PL for businesses and activities that require Amdal or UKL-UPL and PBG for Business Actors who will undertake building construction; (iii) building construction; (iv) procurement of equipment or facilities; (v) procurement of human resources; (vi) fulfillment of business standards; and/or (vii) fulfillment of PB requirements.

Article 10 (1) GR 28/2025

Operational/commercial

Operational/commercial consists of the following activities: (i) production of goods and/or services; (ii) logistics and distribution of goods and/or services; and (iii) marketing of goods and/or services; and (iv) other activities within the framework of operation and/or commercial.

Article 10 (2) GR 28/2025

FUNDAMENTAL REQUIREMENTS

GR 28/2025 stipulates the fundamental requirements that must be fulfilled by Business Actors to obtain a business license, including: Spatial Utilization Suitability (KKPR), Environmental Approval (PL) and Building Permits and Certificates of Building Function Suitability (PBG/SLF). The fundamental requirements are stipulated in the GR 28/2025 as a consequence of the enactment of the Job Creation Law

Article 12 (1) GR 28/2025

GR 28/2025

KKPR

KKPR is the alignment between the spatial utilization activity plan and the spatial planning plan.

Article 1 (27) GR 28/2025

PL

PL is Environmental Approval as regulated in laws and regulations concerning environmental protection and management.

Article 1 (29) GR 28/2025

PBG

PBG is Building Permit as regulated in laws and regulations in the building sector.

Article 1 (30) GR 28/2025

SLF

SLF is Certificates of Building Function Suitability as regulated in laws and regulations in the building sector.

Article 1 (32) GR 28/2025

KKPR

The OSS System implements inspections of business locations submitted by Business Actors in Land and/or Sea

Article 14 GR 28/2025

Implementation of inspections of business locations on sea is carried out through Sea KKPR (KKPRL). KKPRL includes KKKPRL approval. The stages for KKPRL is substantially the same as KKPR approval as explained below.

Article 65 & 66 GR 28/2025

Implementation of inspections of business locations on land is carried out through KKPR. KKPR includes KKPR confirmation or KKPR approval.

Article 15 GR 28/2025

KKPR confirmation is given based on the suitability of the planned location of spatial utilization activities with the Detailed Spatial Planning Plan (RDTR) which has been integrated with the OSS system.

Article 17 (1) GR 28/2025

KKPR approval is given if RDTR is not yet available. KKPR Approval is carried out in the following stages: (i) registration; (ii) examination of documents for proposed spatial utilization activities; (iii) assessment of documents for proposed spatial utilization activities; and (iv) issuance of KKPR approval.

Article 18 (1) and (2) GR 28/2025

FUNDAMENTAL REQUIREMENTS

PL

PL is mandatory for business actors engaging in any business and/or activity that has either a significant or non-significant impact on the environment.

Article 78 (1) GR 28/2025

PL is given based on the fulfillment of environmental documents in the form of: (i) Amdal; (ii) UKL-UPL; or (iii) statement of commitment to environmental management and monitoring (SPPL) in accordance with laws and regulations concerning environmental protection and management.

Article 78 (2) GR 28/2025

PL Application is submitted by business actor through the OSS System and the issuance of PL will be delivered to business actor through OSS System

Article 78 (4) & (5) GR 28/2025

PL is carried out through the following stages: (i) the screening of the type of environmental document and technical approval by the Business Actor; (ii) the submission of the technical approval application by the Business Actor; (iii) the submission of the PL application or PL amendment by the Business Actor; (iv) the assessment or review of the environmental document; (v) the issuance of the environmental feasibility decision; and (vi), the issuance of the PL

Article 18 (1) and (2) GR 28/2025

PBG & SLF

PBG and SLF is required for Business Actors who need to construct a building as a facility for implementing their business activities.

Article 106 GR 28/2025

PBG is required prior to the execution of building construction. PBG is processed through planning consultation and issuance.

Article 108 (2) & (3) GR 28/2025

Planning consultation includes the following processes: (i) registration; (ii) inspection of compliance with technical standards; and (iii) requirements for fulfillment of technical standards.

Article 109 (1) GR 28/2025

Issuance includes the following processes: (i) determination of regional levy value; (ii) payment of the regional levy; and (iii) issuance of the PBG.

Article 118 GR 28/2025

SLF is required prior the utilization of building by Business Actor. SLF constitutes a requirement for the fulfillment of the building's functional worthiness.

Article 122 (1) & (2) GR 28/2025

CONCLUSIONS

GR 28/2025 represents a significant advancement in Indonesia's business licensing framework by clearly separating the stages of starting and operating a business. These changes enhance legal certainty and streamline the overall licensing process, contributing to a more efficient and business-friendly regulatory environment.

The regulation increases the number of KBLI codes from 1,348 under GR 5/2021 to 1,417 under GR 28/2025, reflecting the inclusion of new business sectors and the government's efforts to align with evolving economic activities. This expansion supports a more precise and risk-sensitive approach within the OSS system, enhancing its ability to accommodate diverse business models and regulatory needs.

Ultimately, GR 28/2025 reinforces the foundation for a more transparent, responsive, and efficient licensing environment, while strengthening regulatory governance and promoting a more inclusive and dynamic business ecosystem in Indonesia.

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We will continue to track developments on this topic and provide updates as new information emerges. Our team is committed to keeping you informed with the latest details as they become available. If you have any questions or need further clarification, please reach out for our assistance.



Kezia Maria Yanada

kezia@adikaralaw.com



Citylofts Sudirman 10th Floor
Jl. K.H. Mas Mansyur No. 121
Tanah Abang - Jakarta 10220
Indonesia

T : (021) 255 585 23
E : info@adikaralaw.com
www.adikaralaw.com