FOREIGN INVESTOR BUSINESS SET-UP

A PRACTICAL PRELIMINARY QUESTIONNAIRE FOR DOING BUSINESS IN INDONESIA

COMPANION EXPLANATORY TEXT

This text is designed to be read together with the accompanying infographic. The structure and sequence below follow the artwork so that a reader can either scan the visual questionnaire or read the same framework in full sentences.

The purpose is not to provide a definitive legal opinion at this stage. It is to collect the key facts needed to assess foreign-investment eligibility, ownership and control, business classification, investment and operating requirements, and the most appropriate market-entry structure.

HOW TO READ THE FRAMEWORK

A	**Business Eligibility**	Can the proposed business be conducted by a foreign investor in Indonesia?
B	**Foreign Ownership & Control**	If permitted, how much can the foreign investor own and control?
C	**Business Activity & KBLI**	What exactly will the Indonesian business do, and how should the activity be classified?
D	**Investment & Operating Requirements**	What will the business need in terms of investment, location, facilities and operations?
E	**Market Entry & Investment Objective**	Why is the investor entering Indonesia, and what structure best fits that objective?

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

A	**BUSINESS ELIGIBILITY** *Can the proposed business be conducted by a foreign investor in Indonesia?*

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

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

Why this matters: The starting point is the actual business proposed. The business description is used to identify the relevant activity and assess whether foreign investment is permitted.

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

☐ Yes, fully open
☐ Yes, subject to conditions
☐ No / restricted
☐ Not sure

Why this matters: This is the first eligibility assessment. The answer must ultimately be checked against the applicable investment framework and sector-specific rules.

3. If open, is foreign ownership subject to any limitation or specific condition?

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

Why this matters: Foreign-investment eligibility does not necessarily mean unrestricted foreign ownership. Ownership caps or other conditions may apply depending on the business activity and applicable regulations.

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

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

Why this matters: The intended route into Indonesia may affect the legal structure and the issues that need to be assessed.

B	FOREIGN OWNERSHIP & CONTROL *If permitted, how much can the foreign investor own and control?*

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

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

Why this matters: The investor's commercial preference should be identified separately from what Indonesian law permits.

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

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

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

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

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

Why this matters: Ownership percentage and practical control are different issues. The required level of control should therefore be identified explicitly.

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

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

Why this matters: A local participant may have a commercial or operational role beyond simply holding shares. The intended role should be understood before the structure is designed.

C — BUSINESS ACTIVITY & KBLI

What exactly will the Indonesian business do, and how should the activity be classified?

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

(Please describe the main revenue-generating activities.)

Why this matters: The substance of the business is critical to determining the appropriate KBLI and the regulatory framework that follows.

10. How will the business operate in Indonesia?

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

Why this matters: Different operating models may correspond to different classifications, licensing requirements and sectoral rules.

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

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

Why this matters: Multiple activities may require multiple KBLI classifications and may affect the investment and licensing analysis.

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

☐ Yes
☐ No
☐ Need assistance identifying the appropriate KBLI

Why this matters: The investor does not need to determine the KBLI independently. If the classification is uncertain, the business description can be assessed against KBLI 2025.

D — INVESTMENT & OPERATING

REQUIREMENTS

What will the business need in terms of investment, location, facilities and operations?

13. What is your estimated total investment for the proposed Indonesian business?

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

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

14. What will the investment primarily be used for?

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

Why this matters: The use of funds helps identify the practical operating model and potential asset, licensing, location and investment issues.

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

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

Why this matters: Location and operational infrastructure can affect licensing, land, facilities, staffing and sector-specific requirements.

E

MARKET ENTRY & INVESTMENT OBJECTIVE

Why is the investor entering Indonesia, and what structure best fits that objective?

16. What is your primary objective in entering Indonesia?

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

Why this matters: The same business may justify different entry structures depending on whether the investor is testing the market, building a permanent operation, acquiring a business or establishing a regional presence.

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

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

Why this matters: The investor's preferred entry route is a starting point, not a predetermined legal conclusion. The appropriate structure should be assessed against the business activity, foreign-ownership rules, operational needs and commercial objectives.

PRIORITIES

What are your three most important priorities? (Please select up to three.)

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

FROM THE ANSWERS TO THE RIGHT STRUCTURE

Business: What are you actually doing?

Eligibility: Is the activity open to foreign investment?

Ownership: How much can you own?

Control: How much control can you exercise?

Requirements: What investment, licensing and sectoral requirements apply?

Structure: What is the most appropriate market-entry structure?

BEYOND RECOMMENDATION: The answers should ultimately be translated into a practical recommendation on the appropriate Indonesian market-entry structure, subject to detailed legal and regulatory assessment.

LEGAL & REGULATORY REFERENCES

1. Presidential Regulation No. 10 of 2021 concerning Investment Business Fields, as amended by Presidential Regulation No. 49 of 2021.
2. BPS Regulation No. 7 of 2025 concerning the Indonesian Standard Industrial Classification (KBLI 2025).
3. Government Regulation No. 28 of 2025 concerning Risk-Based Business Licensing.
4. Minister of Investment and Hilirisasi / Head of BKPM Regulation No. 5 of 2025 concerning Risk-Based Business Licensing and Investment Facilities through the OSS System.
5. Investing in Indonesia 2025 (KPMG, 2025 edition) – practical reference.
6. Hukumonline materials concerning foreign investment and restricted business fields – secondary reference.

Important: This questionnaire is a preliminary information-gathering tool. The applicable ownership restrictions, licensing requirements, investment thresholds and appropriate market-entry structure must be assessed based on the specific business activity, applicable KBLI, sectoral regulations and the investor's intended structure.