

NEWS FLASH

REGULATION OF DEVELOPING STARTUP IN INDONESIA



Local Startup in Indonesia

If we talk about startup business, the most suitable type of entity is likely to be a Limited Liability Company (PT). When building a startup, one can refer to the procedures of establishment of PT itself, Law no. 40 Year 2007 regarding Limited Liability Company. There are general and formal requirements in the establishment of a PT, namely:

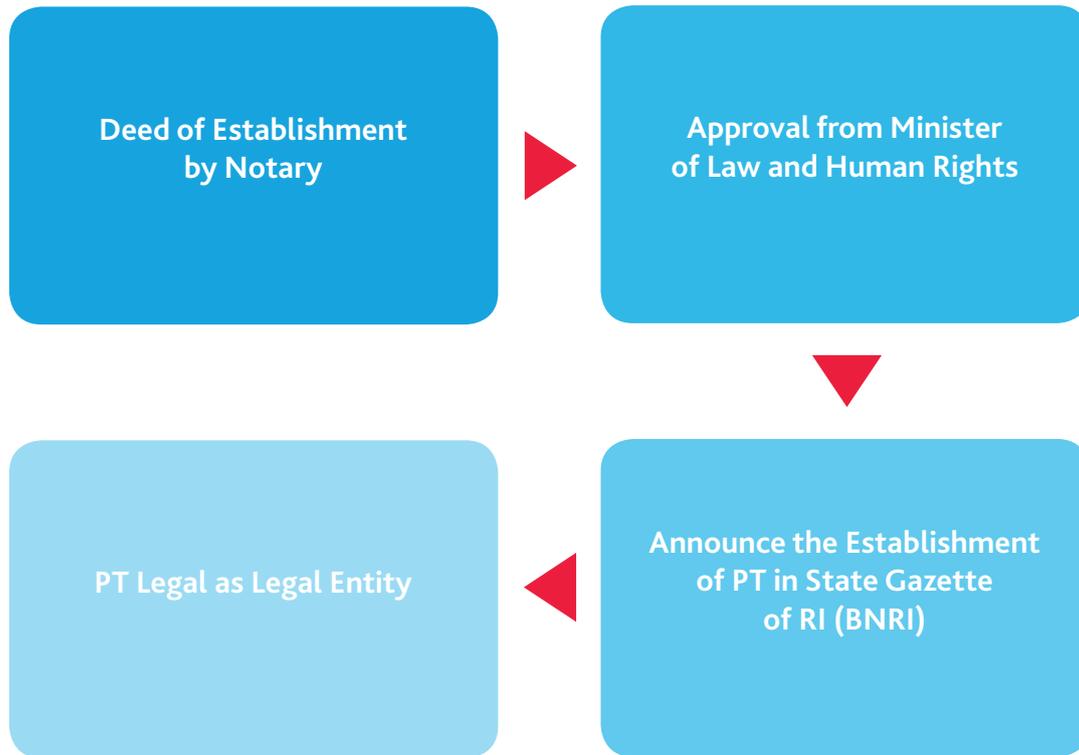
A. General Requirements

NO.	GENERAL REQUIREMENTS
1.	Copy of identity card (KTP) of shareholders and management, at least two people;
2.	Copy of Family Card of the Person in Charge/Director;
3.	NPWP Number of Person in Charge;
4.	Two sheets of 3X4cm colored photo of the Person in Charge/Director;
5.	Copy of PBB last year according to company domicile;
6.	Copy of Letter of Office Contract/Rent or ownership evidence of business place;
7.	Certificate of Domicile from the management of the Building if it is domiciled in an Office Building;
8.	RT / RW Certificate, if domiciled in residential area;
9.	Company Stamp (for licensing purposes);
10.	The office is located in the Office Area;
11.	The photo of the front view and the inside of the office building (the room should contain desks, chairs, computers, employees, and symbols / logos associated to the company); and
12.	Be ready for a survey.

B. Formal Requirements

NO.	GENERAL REQUIREMENTS
1.	There are two founders or more;
2.	Notarial Deed in Indonesian;
3.	Each founder shall take up shares, except in mergers;
4.	The deed of establishment shall be approved by the Minister of Law and Human Rights and published in the State Gazette of the Republic of Indonesia;
5.	Minimum capital is Rp50,000,000, - and the minimum paid up capital is 25% of authorized capital;
6.	There are at least one Director and one Commissioner;
7.	Shareholder is an Indonesian Citizen or Legal Entity established under Indonesian Law.

C. Establishment Procedure of PT



Issues that must be considered in the establishment of PT:

1. Capital to establish PT

1. According to Law Number 40 Year 2007 regarding Limited Liability Company (PT), the basic capital required to set up a PT is Rp 50 million, with minimum deposit of 25% as capital for the PT.

2. Government Regulation No. 29

Year 2016 on the amendment of the Company's Capital Limited determines that the amount of authorized capital of PT **depends on the agreement** between its founders; the capital requirement is only applicable to the Micro, Small and Medium Enterprises (UMKM).

2. Letter of Domicile

In a Letter of Domicile or SKDP in short, there is a Regional Regulation of DKI Jakarta Number 1 Year 2014 on Spatial Detail Plan and Zoning Regulation. In this case, SKDP has an important role in the administration of licenses such as NPWP, TDP, SIUP, or other business licenses.

•The Startup Company can choose Virtual Office as an option to save the costs in

terms of companies that wishes to be domiciled in Jakarta.

3. Lines of Business according to KBLI

Klasifikasi Baku Lapangan Usaha Indonesia (KBLI) is a list that classifies business types into their codes of business fields / activities of a company. This code will be published in several licenses such as Trade License (SIUP), Certificate of Company Registration (TDP).

4. BPJS TK (Social Security Program) for PT

The BPJS TK procedures can be done electronically (online). To register a company for BPJS TK, the following documents need to be prepared:

- The completed form;
- Deed of establishment of PT;
- Letter of approval of legal entity from the Ministry of Justice and Human Rights (for PT); and
- Identity Card (KTP) and Tax ID (NPWP) of registered employees of PT.

Once the application is verified, an email which sets the first contribution amount will be sent. Then, there will be an online form that needs to be completed before

getting the code for contributions, which allows deposit of first BPJS TK dues, and eventually you will need to collect BPJS TK certificates on behalf of the PT in BPJS TK office.

BPJS TK is one of the requirements in administering other Permits, such as SKDP.

5. NPWP of Director and NPWP of Company

There are 2 rules implemented by the Tax Office in relation to the NPWP requirements of a PT:

- The director's NPWP must be in the latest format, 2015 format. The distinctive character of the latest format is Identity Number (NIK) of the Identity Card (KTP) is listed on his personal NPWP card. In addition to NIK, the address stated on the personal NPWP card must be the same as the address stated in the valid Identity Card (KTP).
- To improve tax compliance, the director of the PT should not have any outstanding tax obligations. If there are arrears in the annual tax return (SPT), then the director must pay the

6. Obtaining SIUP and TDP

If PT (which is a startup business) is engaged in general trading then its business license is categorized as Trading Business License (SIUP). Trading Business License, hereinafter referred to as SIUP, is a Letter of Permission to be able to conduct trading business activities. Every company that conducts trading business is required to have a SIUP.

SIUP consists of:

- SIUP for small businesses must be owned by a trading company whose net worth is between Rp50.000.000, (fifty million rupiah) and Rp500.000.000, - (five hundred million rupiah) excluding land and building of business place.
- SIUP for medium businesses must be owned by a trading company whose net worth is between Rp500.000.000, - (five hundred million rupiah) up to Rp10.000.000.000, - (ten billion rupiah) excluding land and building of business place.

- SIUP for large businesses must be owned by a trading company whose net worth is more than Rp10.000.000.000, - (ten billion rupiah) excluding land and building of business place.
- A micro SIUP can be given to a Micro Trading Company with net capital and net worth of not more than Rp. 50 million.

The cost of obtaining the Trading Business License (SIUP) for UMKM is determined differently on each region through the respective regional regulations. Therefore, the tariffs in each region may vary. SIUP is valid as long as the trading company carries out its business activities and is obliged to re-register every 5 (five) years in place of SIUP issuance.

Meanwhile, a TDP or Company Registration Number is a letter of validation given by the officials to the companies that has been registered.

- Any company in the form of a Limited

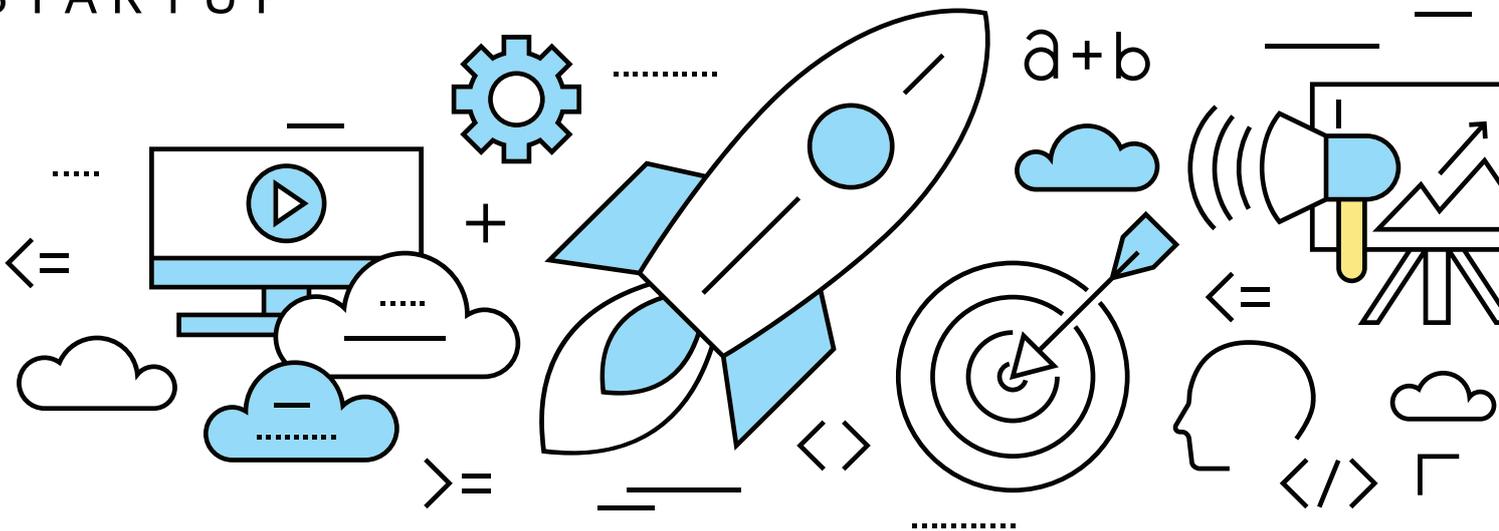
Liability Company (PT) domiciled and conducting business in the territory of the Republic of Indonesia shall be registered in the register of companies. The exemption stated in the Article 4 of Regulation of the Minister of Trade No. 37 / M-DAG / PER / 9/2007 which are:

- A state company in the form of a Bureau of Companies (PERJAN);
- Individual small companies, or
- Businesses or activities that operate outside the economic field whose nature and objectives are not solely for profit and / or profits as set out in Attachment I to this Ministerial Regulation.

- A TDP is valid for a period of 5 (five) years commencing from the date of issuance and shall be renewed no later than 3 (three) months before its expiration.

The application for SIUP, according to the Regulation of Ministry of Trade Number 14 Year 2016 shall be done by registering directly to the website of the One Stop Service Center (BPTSP).

STARTUP



For more information on how BDO can help you in planning and navigate this major changes, please contact our technical team at:

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