

# Indonesia's New Risk-Based Licensing System: New Sectors, System and Sanctions

General Corporate

The Indonesian Government previously issued Regulation [No. 5 of 2021](#) on the Organization of Risk-Based Business Licensing and its [Amendment](#) (collectively referred to as “**Regulation 5/2021**”), which established the main regulatory framework for risk-based business licensing. This framework encompasses determinations of risk levels and business scales, as well as basic licensing requirements, and various supervision and evaluation mechanisms that apply throughout Indonesia.

However, in an effort to simplify the business licensing process through the implementation of risk-based licensing, thereby making it easier to found and operate businesses, the government has now issued Regulation [No. 28 of 2025](#) (“**Regulation 28/2025**”), which bears the same title as Regulation 5/2021 and which has been in force since 5 June 2025.[\[1\]](#)

The enforcement of Regulation 28/2025 has resulted in the simultaneous repeal and replacement of Regulation 5/2021. However, all provisions that govern basic requirements, General Business Licensing (*Perizinan Berusaha* – “**PB**”) and/or Business Licensing to Support Business Activities (*Perizinan Berusaha untuk Menunjang Kegiatan Usaha* – “**PB UMKU**”) will continue to apply provided that they do not conflict with any of the provisions set out under the new framework of Regulation 28/2025.[\[2\]](#)

The enforcement of Regulation 28/2025 also means that the Indonesian Government has had to update both the Online Single Submission (“**OSS**”) system and the Indonesia National Single Window (“**SINSW**”) system. The government has also pledged to issue relevant Implementing Regulations for the new framework by 5 October 2025.[\[3\]](#) Meanwhile, businesses should note that any system access rights that they secured prior to the enactment of Regulation 28/2025 will have to be updated through the OSS system in accordance with notifications that will be sent via the email addresses that were previously registered through the system.[\[4\]](#)

Overall, Regulation 28/2025 represents a massive overhauling of Indonesia’s risk-based business licensing system and features a total of 550 articles that are spread over 14 sections. Due to the wide scope of this new framework, this edition of Indonesian Legal Brief (ILB) has limited its discussion to a summary of the following topics:

1. Revised Risk-Based Business Licensing;

2. Forms, Standards, Procedures and Criteria (*Norma, Standar, Prosedur dan Kriteria* – “**NSPK**”) for Business Licensing;

3. Expanded OSS Service Subsystems; and

4. Administrative Sanctions.

## Revised Risk-Based Business Licensing.

While retaining the core provisions on business licensing and risk levels that were originally set out under Regulation 5/2021, the new framework of Regulation 28/2025 has now expanded the list of sectors that are required to implement risk-based business licensing from 16 sectors (which include, among others, agriculture, environment and forestry, trade and tourism) to 22 sectors. Listed below are the additional six sectors that have now been introduced under Regulation 28/2025:[\[5\]](#)

<div><div>1.</div><div>1.</div><div>1. <b>Legal Metrology;</b></div><div>2. <b>Creative Economy;</b></div><div>3. <b>Geospatial Information;</b></div></div>	<div><div>4. <b>Cooperatives;</b></div><div>5. <b>Investment; and</b></div><div>6. <b>Operation of Electronic Systems and Transactions</b></div></div>
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Moreover, Regulation 28/2025 now sets out a clearer and more thorough outline of the two stages that comprise business activities, as follows:[\[6\]](#)

Stage	Remarks
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<b>Founding a Business</b>	Encompass: 1) Fulfilment of the business legality substage; 2) Fulfilment of the basic requirements substage, including Spatial Utilization Activity Suitability ( <i>Kesesuaian Kegiatan Pemanfaatan Ruang</i> – “ <b>KKPR</b> ”) and environmental approvals for businesses not subject to Environmental Impact Assessments ( <i>Analisis Mengenai Dampak Lingkungan Hidup</i> – “ <b>Amdal</b> ”) or Environmental Management and Monitoring Efforts (“ <b>UKL-UPL</b> ”); and 3) The securing or applying for a business license substage, as based on the relevant business activity.
<b>Operating a Business</b>	Encompass: 1) The preparation substage (i.e. land procurement, procurements of equipment or facilities, recruitment of human resources); and 2) The operational and/or commercial substage (i.e. production, logistics and distribution, marketing of goods and/or services).

NSPK for Business Licensing.

Broadly speaking, the formulation and establishment of NSPK remain under the authority of the central government and also remain the single reference for use by both the central and regional governments during the implementation of risk-based business licensing. However, a new provision has now been introduced whereby regional heads, when drafting internal Implementing Regulations, are explicitly prohibited from expanding upon any of the provisions already stipulated under Regulation 28/2025.<sup>[7]</sup>

Another notable change introduced under Regulation 28/2025 concerns the issuance of business licenses. In this regard, the new framework has now clearly separated procedures for general PB and PB UMKU. This separation is reflected in the different authorized institutions responsible for each type of license, as outlined in the following table:<sup>[8]</sup>

Issuing Authority	Regulation 5/2021	Regulation 28/2025	
	PB	PB	PB UMKU
The OSS institution	✓	✓	
The OSS institution on behalf of the minister/head of institution	✓	✓	✓
Heads of Provincial Investment and One-Stop Integrated Services Offices ( <i>Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu</i> – “ <b>DPMPTSP</b> ”) on behalf of the relevant governors	✓	✓	✓
Heads of District/City DPMPTSP on behalf of the relevant regents/mayors	✓	✓	✓
Administrators of Special Economic Zones ( <i>Kawasan Ekonomi Khusus</i> – “ <b>KEK</b> ”)	✓	✓	✓
Heads of the Authorities of Free-Trade Zones and Free Ports ( <i>Kawasan Perdagangan Bebas dan Pelabuhan Bebas</i> – “ <b>KBPBP</b> ”)	✓	✓	✓
Ministers/heads of institutions via the OSS system.			✓

In order to complement this separation of licensing authorities, as introduced under Regulation 28/2025, this new framework also provides for specific exceptions in special economic areas. In this regard, in the case of KBPBPB, the authority to issue PB has been delegated to the Heads of the Authorities of KBPBPB. This is particularly important when relevant business activities involve any foreign

direct investment or capital that has been sourced through international agreements that have been drawn up between the central government and foreign governments. This delegation of authority is in accordance with the specific legal framework on free-trade zones and ports.<sup>[9]</sup>

#### Expanded OSS Service Subsystems

Regulation 28/2025 has now expanded the various service subsystems that are available through the OSS system in comparison with the previous framework of Regulation 5/2021 by introducing three new subsystems, as follows:<sup>[10]</sup>

Subsystem	Regulation 5/2021	Regulation 28/2025
Information Services Subsystem	√	√
<b>Basic Requirements Subsystem</b>		√
Business Licensing Subsystem	√	√
<b>Investment Facilities Subsystem</b>		√
<b>Partnerships Subsystem</b>		√
Supervision Subsystem	√	√

While retaining most of the provisions that specifically relate to the previously existing subsystems, as stipulated under Regulation 5/2021, Regulation 28/2025 also clarifies the types of information that will now be provided through the three newly introduced subsystems, as follows:

Subsystem	Remarks
<b>Basic Requirements<sup>[11]</sup></b>	This subsystem is only accessible through the use of access rights and will display the following information: 1) KKPR; 2) Environmental Approvals; and/or 3) Building Construction Approvals and Building Function Worthiness Certificates.
<b>Investment Facilities<sup>[12]</sup></b>	At least eight types of services will be made available through this subsystem and will be accessible through the use of access rights. These eight new services include: 1) Applications for import-duty exemptions for machinery, goods, and materials for industrial development or expansion under the framework of investment; 2) Applications for corporate income-tax reduction facilities; 3) Applications for gross income reductions for internships, training and/or study activities; and so forth.
<b>Partnerships<sup>[13]</sup></b>	Access rights holders will be able to access the following services: 1) Partnerships in accordance with relevant Regulations on investment; 2) Other partnerships required under applicable Laws; 3) Voluntary partnerships; and 4) Monitoring and evaluations of the implementation of partnership commitments.

## Administrative Sanctions

It is important to note that Regulation 28/2025 introduces a new provision that specifically addresses the imposition of administrative sanctions upon any business actors who violate basic requirements, PB or PB UMKU. In contrast, administrative sanctions for business actors were previously regulated at the subsector level only (e.g. marine and fisheries, horticulture, electricity).<sup>[14]</sup>

The available administrative sanctions should now be imposed in line with a tiered structure based on the level of compliance identified during supervisory activities. Said sanctions may include:<sup>[15]</sup>

1. Warnings;
2. Temporary suspensions of business activities;
3. Imposition of administrative fines;
4. Imposition of coercive police actions;
5. Revocations (i.e. licenses, certification or approvals); or
6. Revocation of basic requirements, PB and PB UMKU.

Furthermore, Regulation 28/2025 also stipulates that sanctions should be imposed by authorized officials (e.g. ministers, heads of institutions, governors, regents/mayors, heads of KEK). All such sanctions must be imposed through the OSS system.<sup>[16]</sup>

## Key Takeaways

Regulation 28/2025 introduces a new set of administrative sanctions for violations of basic requirements, PB and PB UMKU. This new framework has also expanded the scope of risk-based licensing from 16 to 22 sectors through the addition of six new sectors (i.e. legal metrology, creative economy and the operation of electronic systems and transactions). Furthermore, the available administrative sanctions follow a tiered structure and must be imposed by authorized officials through the OSS system.

If you have any further queries regarding this framework, then feel free to request a virtual discussion session with our team of analysts or one of our practice leaders via your [workspace](#). <sup>(HL)</sup>

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<sup>[1]</sup> Recital and Art. 552, Regulation 28/2025.

<sup>[2]</sup> Art. 550, Regulation 28/2025.

<sup>[3]</sup> Art. 551, Regulation 28/2025.

<sup>[4]</sup> Art. 548, Regulation 28/2025.

<sup>[5]</sup> Compare Art. 6 (2), Regulation 5/2021 with Art. 5 (1 - 2), Regulation 28/2025.

<sup>[6]</sup> Arts. 7 - 10, Regulation 28/2025.

<sup>[7]</sup> Compare Art. 21, Regulation 5/2021 with Art. 137, Regulation 28/2025.

<sup>[8]</sup> Compare Art. 22 (2), Regulation 5/2021 with Art. 138 (2 - 3), Regulation 28/2025.

<sup>[9]</sup> Art. 138 (5), Regulation 28/2025.

<sup>[10]</sup> Compare Art. 167 (2), Regulation 5/2021 with Art. 188 (3), Regulation 28/2025.

<sup>[11]</sup> Art. 217, Regulation 28/2025.

<sup>[12]</sup> Art. 235, Regulation 28/2025.

<sup>[13]</sup> Art. 236, Regulation 28/2025.

<sup>[14]</sup> Compare Arts. 317, 339 and 380, Regulation 5/2021 with Art. 355, Regulation 28/2025.

<sup>[15]</sup> Art. 355 (2), Regulation 28/2025.

<sup>[16]</sup> Art. 355 (3), Regulation 28/2025.



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