The Implementation of Online Single Submission (OSS) System for Business Licensing Based on Omnibus Law for Job Creation
Job Creation Law is a breakthrough in Indonesia Legal System

Under the Omnibus Law, 77 Indonesian Laws have been revised through a single law which regulates various sectors.

Has simplified into

186 Article dan 15 chapter

11 Cluster

- Investment Ecosystem and Business Activities
- Business Licensing
- Employment
- SME and Cooperatives
- Research and Innovation
- Land Acquisition
- Economic Zones
- Ease of Doing Business
- Government Investment & National Strategic Project (PSN)
- Public Administration
- Imposition of Sanctions
The Urgency of Job Creation Law

- Increase the ease of doing business from 73rd (2020) to 53rd
- Overlapping policies of the central government and local governments
- Poor corruption perception index
- There is a phenomenon of hyper regulation (over-regulation)
- High demand for employment
- The existence of sectoral egos between Ministries / Agencies

Benefits of Job Creation Law

- Improve the investment climate and create legal certainty
- Harmonize the central - regional policies
- Minimize and prevent the practice of corruption
- Simplify regulation
- Creating a vast job opportunity
- Provide protection and facility for SME’s and Cooperatives

“The Urgency of Job Creation Law

- 50 years the time required if revising laws one by one. Through the Omnibus Law, simplification of regulations can be accelerated”

President Jokowi, at the 2019 Bank Indonesia Annual Meeting, at the Raffles Hotel, Jakarta, Thursday evening (28/11/2019)
Job Creation is urgently needed in Indonesia

The needs of job creation in Indonesia

- **Unemployment (2019)**
  - ± 7 Million People

- **Additional Workforce per year**
  - ± 3 Million People

- **Workers affected by COVID-19**
  - ± 5 Million People

“Each citizen shall be entitled to an occupation and an existence proper for a human being”

Article 27 (2) The Constitution of Indonesia of 1945

Investment, specifically labor intensive encourages the creation of jobs

More employment opportunities will increase people’s income

People’s income will encourage people’s purchasing power (consumption) and economic growth

Source: BPS, Kadin
Risk Based Business Licensing Process

Articles related to licensing are integrated in the Job Creation Law

Basic requirements for business licensing
Integrate & simplify a number of laws governing basic licensing

- 2 Laws, 36 Articles
- Integrated with AMDALNET (Ministry of Forestry and Environment)

- 2 Laws, 48 Articles
- Integrated with SIMBG (Ministry of Public Works)

- 4 Laws, 51 Articles
- Integrated with GISTARU (Ministry of Spatial and Land) and SATUDATA (Ministry of Fishery and Maritime)

Risk Based Approach Licensing
Reform on Licensing Process to the Risk-Based Licensing Approach through Online Single Submission (OSS)

- Low Risk
  Only registration (NIB)

- Lower Middle Risk
  NIB + Certificate Standard (SS) (*Self Declare)

- Upper Middle Risk
  NIB + SS (*Self Declare) with Verification

- High Risk
  NIB + Izin (+SS)
Existing Online Single Submission, an Integrated System for Business Licensing

21 Line Ministries/Institutions have delegated 325 licensing products/services to BKPM
**Business Process for Risk-Based Licensing Approach**

### PREPARATION

#### Low

- **NIB (Company Registration Number)**

#### Lower Middle

- **NIB + SS**

#### Upper Middle

- **NIB + SS**
  - Standard Certificate in the form of **self-declaration** to meet business activity standards
  - **NIB + SS** as the license for preparation stage.

#### High

- **NIB**
  - NIB as the business license for the preparation stage

### OPERATIONAL

- **NIB as the single license for preparation, operational, and commercial stages**
  - Business actors are still required to comply with the implementation of K3L standards
  - For Micro & Small Businesses, guidance is carried out by the Government in the implementation of K3L standards

### COMMERCIAL

- **NIB + LICENSE**
  - Companies must meet all the requirements before license is issued.
  - NIB + Permit as business license for the operational and commercial stages

### Notes:

- Standard Certificate in the form of **self-declaration** to meet business activity standards
- Business actors are required to meet business standards
- Supervision is carried out to ensure that business actors meet business standards

- **SS**
  - **SS** is issued after verification of compliance with business standards by the Government
  - **NIB + SS** as a business license is valid for operational and commercial stages
2. SUB SYSTEM: LICENSING

2.a. VALIDATION
- ID Number - MoHA
- Passport - Immigration
- Company Deed - AHU
- Tax ID – DG Tax
- Digital map – ATR/BPN

2.b. SMART ENGINE
- Applicant’s profile
- Standard Requirement
- Duration / SOP
- Standard Certificate
- Other Criteria
- Environmental
- KBLI/ Business Fields
- Priority Investment List
- Workforce
- Investment

2.c. RISK MANAGEMENT ENGINE
- Risk Matrix based on KBLI / Business Fields
- Location Risk Matrix
- Business Criteria Risk Matrix

2.d. OUTPUT
- NIB
- NIB + Standard
- NIB + Standard + Verify
- NIB + License (+standard)

2.e. CONNECTIVITY
- Line Ministries and Institutions Systems

3. SUB SYSTEM: MONITORING
- Regular Monitoring
- Incidental Monitoring
- Profile Weighing
- Sanctions

4. SUB SISTEM FASILITAS
- Tax Allowance
- Tax Holiday
- Masterlist

OSS Risk Based Approach Systems
Ease of Starting a Business for Micro and Small Enterprise

Government Regulation Number 8/2021 regarding Establishment, Amendment and Disbanding of Business Entity for Micro and Small Business Entity

Parties
1. Company name alternatives
2. Copy of ID and Tax ID

Individual
1. Company name alternatives
2. Copy of ID and Tax ID

1. Notary
   - Deed of Establishment
   - Business Entity (PT) Registration Approval through AHU Online
   - Time: 1 day

2. AHU Online System (Online Company Registry System)
   - Output:
     1. Approval of Business Entity (PT)
     2. Company Tax ID
     - Time: 0.5 day
     - Cost: IDR 600,000
     (will be reduced to IDR 0, will be regulated later by MoF Regulation)

3. OSS System
   - NIB as Worker Report, Social Security for Health and Workers (BPJS), Import Identification Number (API), dan Custom ID via OSS
   - Time: 0.5 day
   - Cost: IDR 0
Terima Kasih

Indonesia Investment Promotion Centre (IIPC)

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