

By : Sherly Hartati / Luluk Setio Pertiwi

**NEW INVESTMENT VALUE AND CAPITAL REQUIREMENTS  
FOR FOREIGN DIRECT INVESTMENT COMPANIES**

Recently, the Ministry of Investment (formerly Investment Coordinating Board (“**BKPM**”)) issued the BKPM Regulation No. 4 of 2021 concerning the Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities (“**BKPM Regulation No. 4/2021**”) in order to ensure the implementation of Government Regulation No. 5 of 2021 on the Organization of Risk-Based Business Licensing (“**GR 5/2021**”). The BKPM Regulation No. 4/2021 repeals and replaces: (i) the BKPM Regulation No. 6 of 2018 concerning Guidelines and Procedures for Investment Licensing and Facilities, as amended by the BKPM Regulation No. 5 of 2019; and (ii) the BKPM Regulation No. 1 of 2020 concerning Guidelines for the Implementation of Electronically Integrated Licensing Services (“**BKPM Regulation No. 1/2020**”).

In essence, the BKPM Regulation No. 4/2021 stipulates a complete guideline and procedure for risk-based licensing services through the Risk-Based Online Single Submission (“**OSS**”) system replacing the old version of OSS system. Notwithstanding to the foregoing, this article will only highlight the changes of the investment value and the minimum issued and paid-up capital requirement for a Foreign Direct Investment Company (“**FDI**”). The BKPM Regulation No. 4/2021 has set up a new minimum investment value for FDI whereby the minimum investment value must be greater than IDR 10 billion, excluding land and building per five-digit Indonesian Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* (“**KBLI**”) business field and per project location with the exemption for certain business activities which will be explained in the table below. Meanwhile, the new minimum issued and paid-up capital requirement for FDI are IDR 10 billion.

The following table describes the differences between the minimum investment value and issued and paid-up capital requirement according to the BKPM Regulation No. 1/2020 and BKPM Regulation No. 4/2021:

<b>Matters</b>	<b>BKPM Regulation No. 1/2020</b>	<b>BKPM Regulation No. 4/2021</b>
<b>Minimum Investment Value</b>		
<b>Business Activity in General</b>	> IDR 10,000,000,000 excluding land and building.	> IDR 10,000,000,000 excluding land and building per five-digit KBLI per project location.
<b>Wholesale Business Activity</b>	> IDR 10,000,000,000 excluding land and building, per 2 (two) initial digits of KBLI.	> IDR 10,000,000,000 excluding land and building, per 4 (four) initial digits of KBLI.

Matters	BKPM Regulation No. 1/2020	BKPM Regulation No. 4/2021
<b>Food and Beverage Business Activity</b>	> IDR 10,000,000,000 excluding land and building in one district/city.	> IDR 10,000,000,000 excluding land and building, 2 (two) initial digits of KBLI per project location.
<b>Construction Business Activity</b>	> IDR 10,000,000,000 excluding land and building in one activity.	> IDR 10,000,000,000 excluding land and building, per 4 (four) initial digits of KBLI.
<b>Industrial Business Activity</b>	Unregulated	> IDR 10,000,000,000 excluding land and building, per 5 (five) initial digits of KBLI per 1 (one) production line.
<b>Development and Property Business Activity</b>	Unregulated	<ul style="list-style-type: none"> <li>a. &gt; IDR 10,000,000,000 including land and building for the property in the form of a building as a whole or an integrated housing complex; or</li> <li>b. &gt; IDR 10,000,000,000 excluding land and building for the property that is <b>not</b> as a building in whole or in one integrated housing complex.</li> </ul>
<b>Capital Requirement</b>		
<b>Issued and Paid-up Capital</b>	Min. IDR 2,500,000,000	Min. IDR 10,000,000,000

The BKPM Regulation No. 4/2021 has been in force since 2 June 2021. As an additional information, the Risk-Based OSS system has started operating as of 9 August 2021 launched by President Jokowi at Investment Control and Operation Command Centre of the Ministry of Investment.

**Note:** The content of this article does not constitute legal advice and should not be relied as such. Judge's opinion may also be different, due to the facts relevant to the case. If you need specific advice related to this topic, please contact us by email through [info@yangandco.com](mailto:info@yangandco.com).