

INVEST IN INDONESIA



IIPC

INDONESIA INVESTMENT PROMOTION CENTER
ABU DHABI



IIPC Abu Dhabi

- IIPC is the arm of the Ministry of Investment and Downstream Industry/Indonesian Investment Coordinating Board of The Republic of Indonesia (BKPM), to supports the entry and successful establishment of foreign business into Indonesia.
- Our Abu Dhabi-based office was established to assist businesses in the working area to grab the opportunity and maximize the benefit of Indonesian investment.
- Working Area of IIPC Abu Dhabi are countries in the Middle East, South Asia, Central Asia, and Africa Regions.



IIPC Abu Dhabi Services



Assist And Provide
Guidance On Investing In
Indonesia.



Investment Mission To
Indonesia And Vice Versa.



Facilitate Business
Matchmaking With
Potential Indonesian
Partners.



Organizing Business
Forums Related To
Investment Promotion.



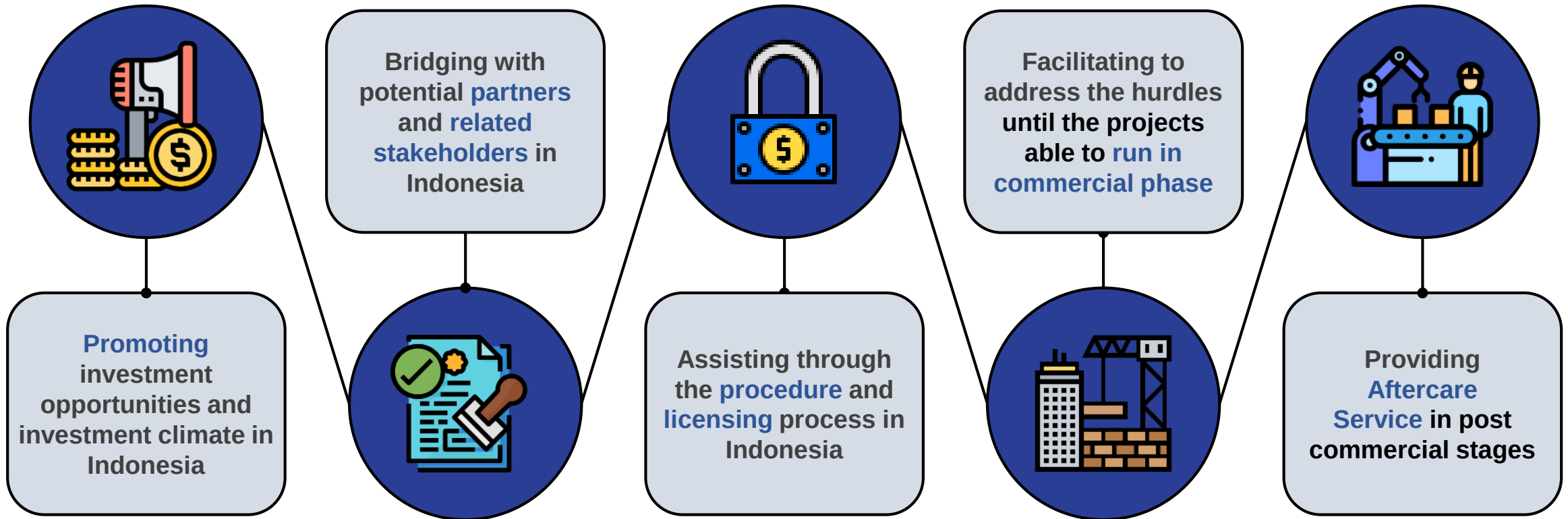
Giving Assistance To
Foreign Companies To
Start Up In Indonesia.



Guide Companies For
Selecting Indonesian
Business Partners And
Vice Versa.

Ministry of Investment and Downstream Industry/BKPM provides End-to-End Services

From preparation stage until investment realization to production

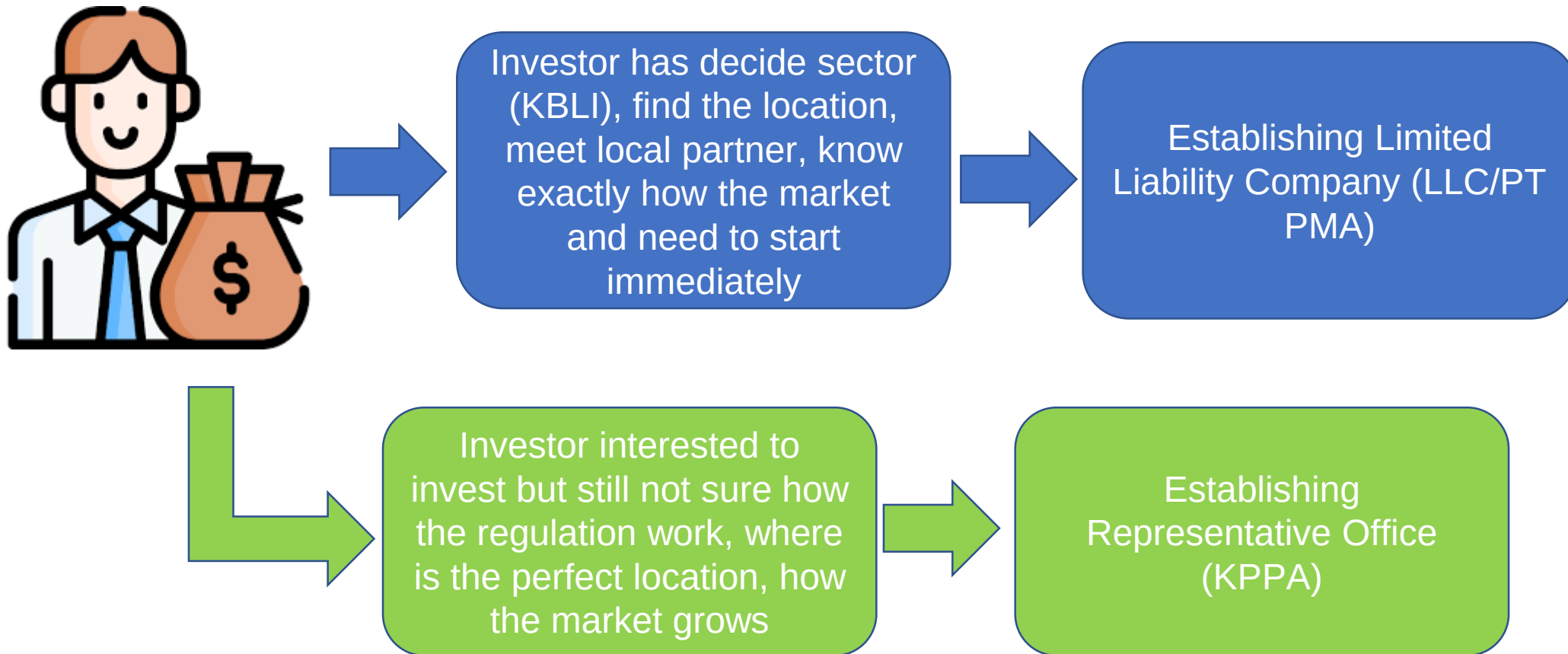


Basic Requirement for Foreigners to Invest in Indonesia



- ✓ The minimum investment should be above USD 700 thousand or equivalent with IDR 10 billion (excluding land and buildings for every five-digits of KBLI per project location)
- ✓ The paid up capital need to be the at least USD 700 thousand
- ✓ Comply with the regulations about Priority List of Investment (sector that closed and open for investment)

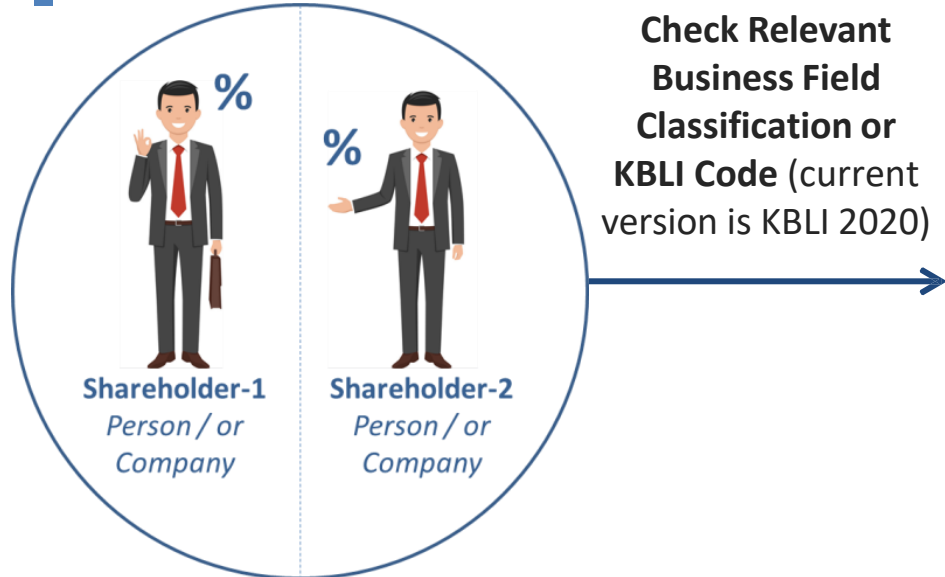
Two Way Establishing Legal Entity in Indonesia



Difference of LLC and Representative Office

Indicators	LLC	Representative Office
Purpose	Commercial and Business Activity	Limited to market research
Minimum Investment	USD 700 Thousand	None
Ability to made invoice	Yes	Restricted
Worker	Depend on the sector and the corporation	Limited to only 3 to 5 staffs
Company leader	Board of Directors supervised by Board of Commissioners	Head of Representative
Obligation to Ministry of Investment	Quarterly report the investment activity	None
Period of Validity of the permit	As long as company active	Yearly need to be renew
Eligible for incentive	If comply with certain criteria	No

Establish Legal Entity as Foreign Owned Company in Indonesia (PT. PMA)



- Based on Indonesian Law No. 11 Article 109 Point 2 concerning Job Creation and referring to Law No. 40 Year 2007, Company in Indonesia must have **Minimum 2 shareholders**.
- Shareholder composition may consist the combination of individual/s or corporate/s.

Investment List



Priority List (245 Business Fields)

Eligible for Investment Incentives including Tax Holiday, or Tax Allowance or Investment Allowance

Presidential Regulation

No. 49 Year 2021



Partnership with Local Micro & SMEs

(46 Business Fields)



Reserved for Local Micro & SMEs

(60 Business Fields)



Foreign Ownership Limitation (JV with Local)

(37 Business Fields from previously 350 fields)

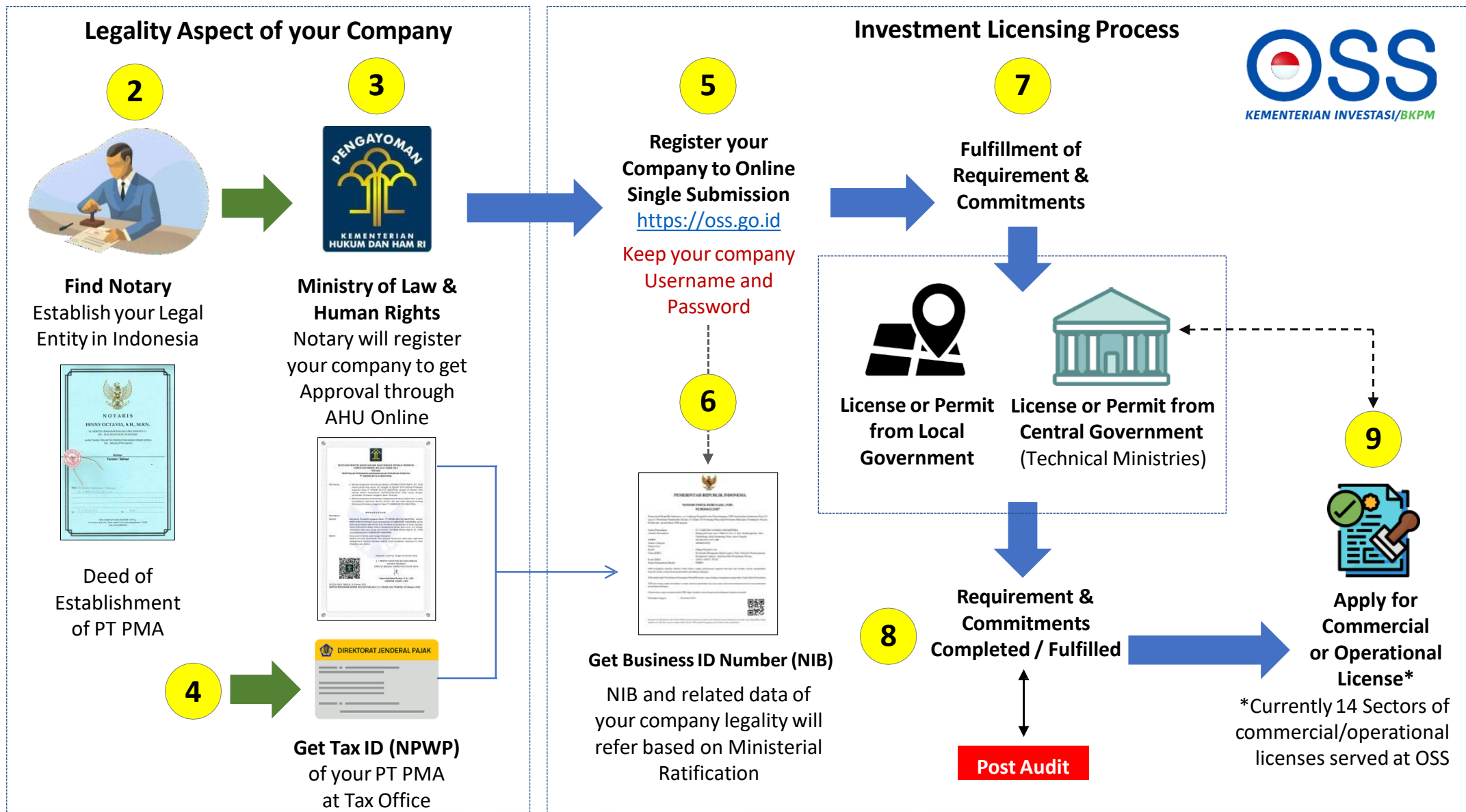
Check if there is any restriction for Foreign Investment



Closed for Investment

- Narcotics; Gambling / Casino; Catching Fish of Endangered Species; Coral and sea rock utilization or harvesting; Chemical weapons; Ozone depleting substances; Liquor Industry.
- Reserved only for Government (public services, strategic, defense/security)

How to Establish Foreign Legal Entity and Register Investment License in Indonesia



Vision Indonesia 2045: Sovereign, Developed & Sustainable Archipelagic Country

Government of Indonesia targeted high increase of direct investment as an economic growth engine



Negara Nusantara
("Nusantara Nation")



Sovereign

Resilient, United,
Independent, Secured



Developed

Empowered, Modern, Tough,
Innovative, Just



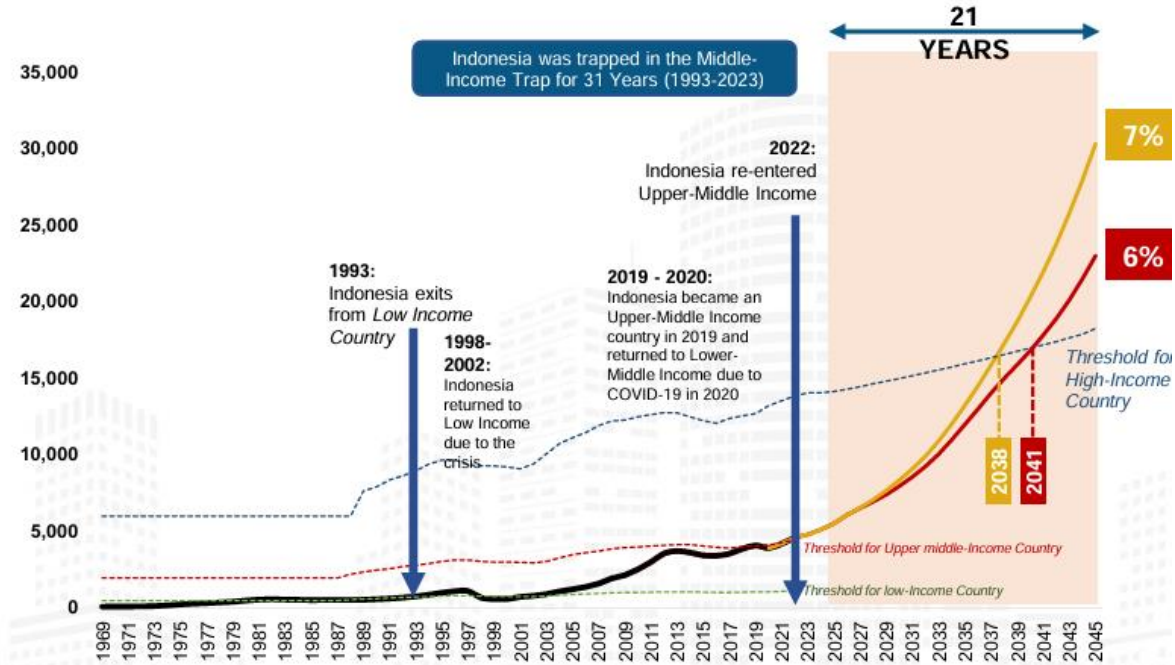
Sustainable

Sustainable, Balanced Economic, Social
& Environmental Development

**Indonesia
Economic
Transformation**
(RPJPN 2025-2045)

Indicator	2025-2029
Economic growth (avg)	5.6 – 6.1%
ICOR (5-yrs average)	5.3
Investment needs (Rp Tn)	42,991.7
Manufacturing contribution to GDP	21.9%
Middle income population	38%

Projection of Indonesian GNI per Capita (USD)



Economic Transformation

Science, Technology,
Innovation and
Economic
Productivity

Implementation
of Green
Economy

Digital
Transfor
mation

Domestic and
Global
Economic
Integration

Cities as
centers of
economic
growth

**An Investment of Rp 13,528 Trillion (~USD872 billion*) is required
in 2025-2029 to achieve an economic growth of 8%****

Economic growth target: 8%

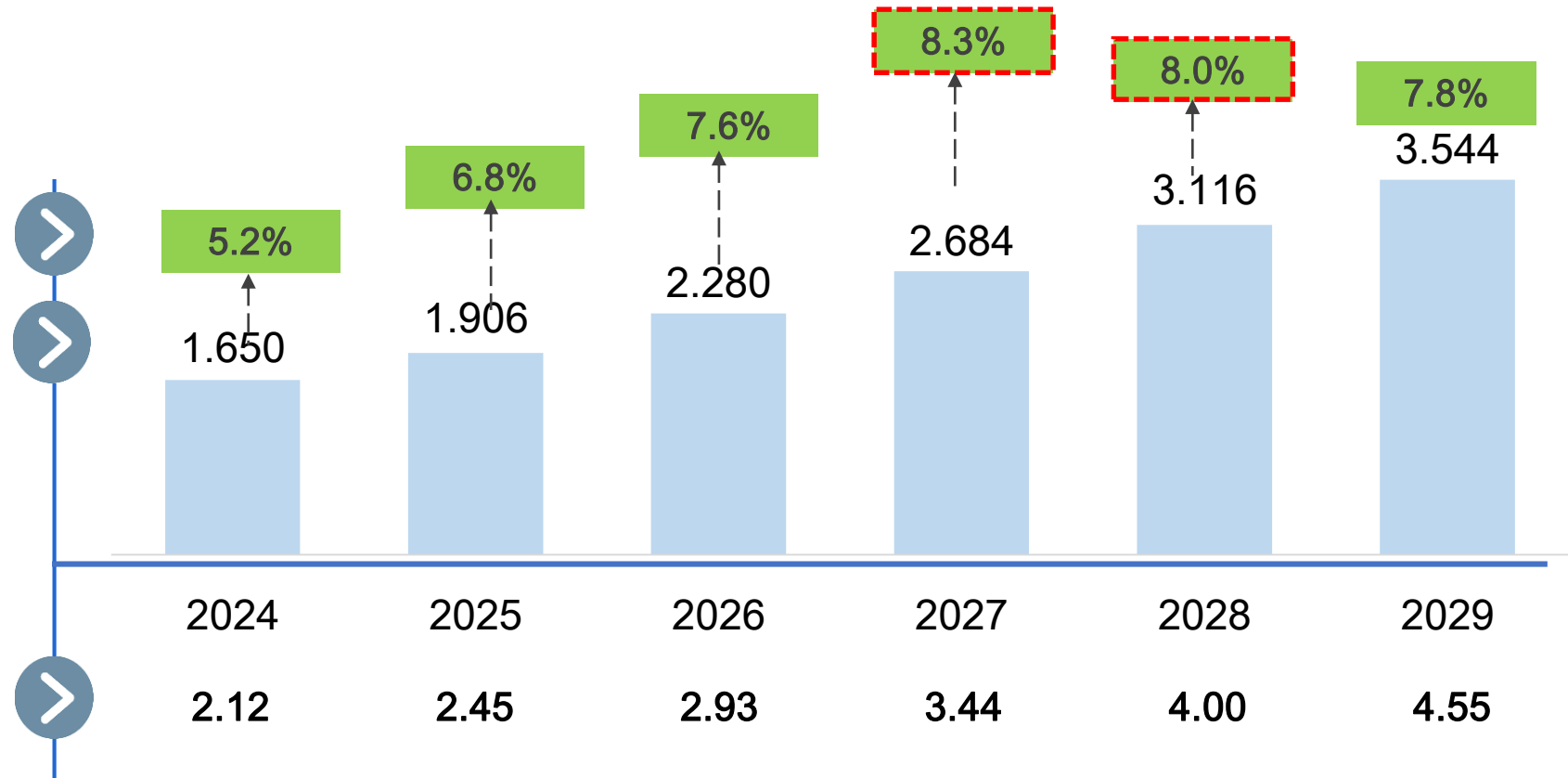
Economic growth (%)

Investment realization (Rp trillion)

The average investment growth is
16.75% per year

Absorbtion of local workers
(Million people)

The average labor absorption from
2025 to 2029 is 3.47 million people.



*If 1 USD: Rp 15,500

**This target is a 126% increase from the IDR 6,003.4 trillion
invested in the previous five years (2019-2024)

President's 8 Missions ("Asta Cita") towards Golden Indonesia 2045

President Prabowo is committed to direct national transformation on the foundation built by President Jokowi



President Prabowo's missions on National Transformation to achieve Golden Indonesia 2045



Green Economy and Blue Economy

Mission (Cita) #2: Strengthening national defense and security system and promoting national self-sufficiency through food, energy, water, sharia economy, digital economy, green economy, and blue economy



Infrastructure Development

Mission (Cita) #3: Continuing infrastructure development and increasing quality employment opportunities, promoting entrepreneurship, developing the creative industry, and expanding agro-maritime industry in production centers through active role of cooperatives



Human Resource Development

Mission (Cita) #4: Strengthening human resource development, science, technology, education, health, sports achievements, gender equality, and enhancing the role of women, youth, and people with disabilities



Downstream Industry

Mission (Cita) #5: Continuing to develop downstream processing industries based on natural resources to enhance domestic value-added.

The Government of Indonesia will focus on attracting 9 investment sector priorities

These sectors aim to support the economic growth target of 8% per annum



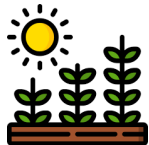
New Renewable Energy

- Total potential: 3.687 GW. Current installed capacity: 13.1 GW.
- Hydro: 95 GW, Solar: 3,294 GW, BioEnergy: 57 GW, Wind: 155 GW, Geothermal: 23 GW, and Tidal: 63 GW.



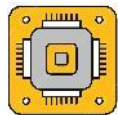
Downstreaming industry

- Potential investment from 28 commodities 2023-2040 is USD 618 billion.
- Nickel, Copper, Bauxite, Tin, Petrochemical, Fertilizer
- CPO, Sugarcane, Seaweed, Oleochemical, Bio Solar,



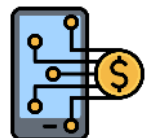
Food security

- Rice Estate in Marauke Regency, South Papua
- Sugar and Bioethanol in Marauke Regency, South Papua.



Semiconductor

- Availability of raw materials for the **upstream semiconductor industry**, namely Silica, Gallium, Copper, Bauxite, and Gold



Digital Economy & Data Center

- Indonesia's digital economy market is projected to reach USD 210-360 billion by 2030, with a growth rate of 5.9% (2024-2029).
- Current installed capacity is 430 MW from a potential of 2.7 GW.



Export-Oriented Manufacturing Industry.

- Potential to enter the global supply chain (Global Value Chain/GVC).



Healthcare

- Pharmaceutical industry, medical devices, and healthcare services.
- Special Economic Zone for Health: Sanur, Bali.



Nusantara Capital City (IKN)

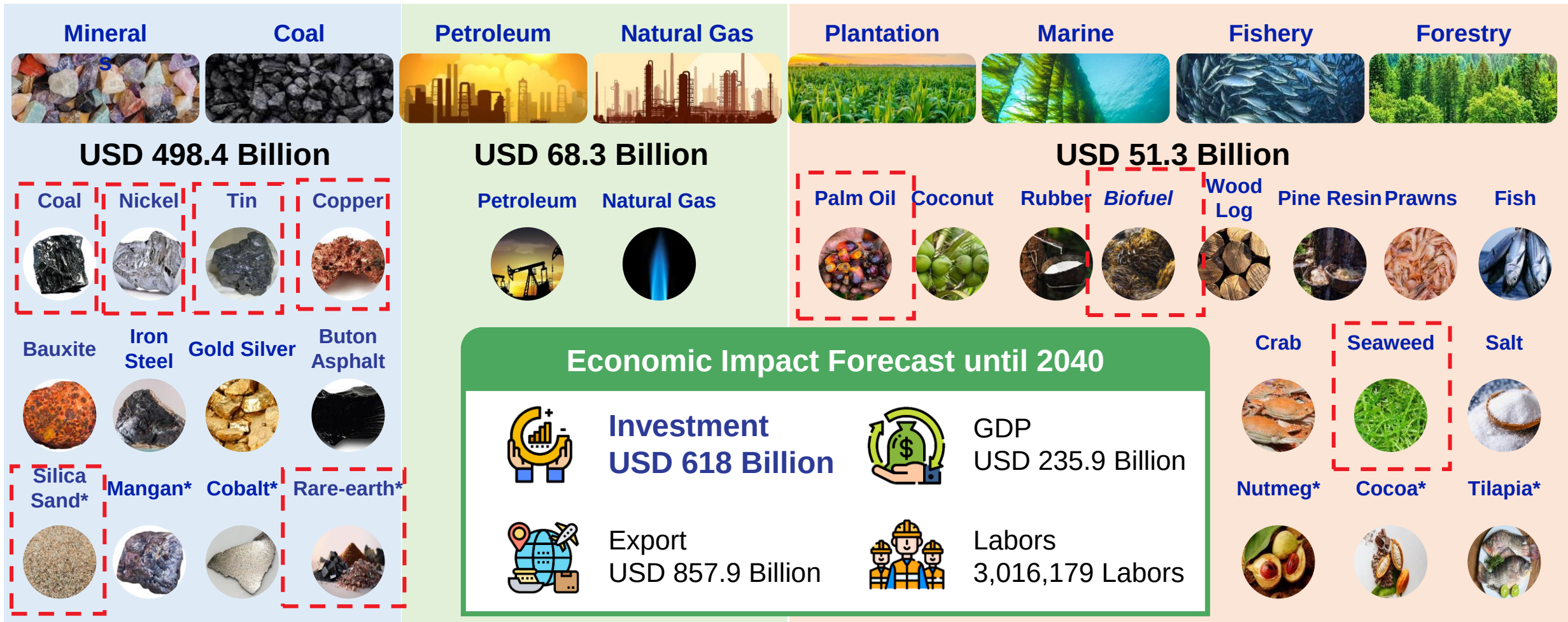
- Housing, education, hospital, hotel, and others
- Tax Holiday for 30 years, ease of licensing, Land Use (HGU) for 95 years & can be extended for the same period.



Education and Vocational

- Education (from Preschool to University)
- Vocational Education -> Super Deduction Tax 200%.
- Special Economic Zone for Education -> Location: BSD, Banten.

Strategic Investment Downstream Roadmap



*) By 2023, the Ministry of Investment/BKPM has completed the development of roadmaps for seven additional commodities, with a total investment value of USD 72.7 billion up to 2040.

Potential/Reserve of 28 Downstream Commodities in Indonesia



Mineral
 Coal
 Oil and Gas
 Plantation
 Forestry
 Fishery
 Maritime

Indonesian Government is Formulating New Incentives Scheme to anticipate 15% Global Minimum Tax

Existing Incentives

Instrument	Description
<i>Tax Holiday*</i>	- Corporate Tax Reduction of 100% for investments worth IDR 500 billion or more for a period of 5-20 years. - For SEZ, it is given starting from an investment of IDR 100 billion, while incentives for IKN are given for up to 30 years.
<i>Tax Allowance</i>	Corporate Tax Reduction of 5% of investment value for 6 years is given to 166 Business Activities and 17 Business Fields
<i>Super Tax Deduction</i>	Gross income reduction of up to 200% for Vocational and Gross income reduction of up to 300% of certain R&D Expenses.
<i>Investment Allowance</i>	Reduction of Net Income/Pre-Tax Income of 60% of Capex, pro rata 10%/year. The requirement to employ a minimum of 300 people applies to 45 business activities in certain provinces.
<i>Import Duty Exemption</i>	Exemption from import duties on machinery, raw materials and supplies.
<i>Immigration Facility</i>	Granting of Golden Visa for foreign individuals investing USD 2.5-5 million and foreign business entities investing USD 25-50 million with a visa duration of 5 years and 10 years.



Flexible/On Demand Incentives

A more flexible incentive scheme can be proposed, so that it can follow investor needs (under discussion)



GMT 15%

Pillar II will be started
January 2025

**Tax Holiday Incentives Officially Extended until December 31, 2025 based on the Regulation of the Minister of Finance (PMK) Number 69 of 2024 concerning the Provision of Corporate Income Tax Reduction Facilities*

Investment Incentives for Vocational Training and R&D Program



200% Tax Deduction

Vocational Training Program

Companies who conduct working training program, internships and or educational activities to develop human resources based on certain competency may eligible to apply a gross income deduction up to 200% calculated from their spending of those training activities

Ministry of Finance Regulation No 16/PMK.010/2020



300% Tax Deduction

Research & Development Program

Companies who conduct Research & Development Program in Indonesia is eligible to obtain a gross income deduction up to 300% calculated from their spending of those training activities

Ministry of Finance Regulation No
153/PMK.010/2020

More benefits for investments offered in 20 Special Economic Zones (SEZs)

Also, no customs duties & taxes for importing, processing, & exporting of goods in 4 FTZs*



Fiscal Facilities

- Tax holiday/ allowance;
- VAT exemption;
- Customs and excise;
- Luxury good tax;
- Suspension of import duty;
- Local tax;
- Goods traffic.

Non-Fiscal Facilities

- Ease of licensing;
- Special labor regulations;
- Immigration;
- Land and spatial planning;
- Infrastructure

Other facilities



Indonesia Offers Golden Visa to Entice Foreign Investors

Residency permit from 5 years to 10 years



Golden Visas are visas granted to foreigners as a basis for a stay permit for 5 to 10 years. The new visa types are intended to attract eligible foreigners, including **corporate and individual investors, to invest in Indonesia** and boost the country's economic development

Individual Investors

- Stay permit for **5 years**, the required investment amount is **US\$ 2,500,000 (around Rp 38 billion)**.
- Meanwhile, stay permit for **10 years**, the required investment amount is **US\$ 5,000,000 (around Rp 76 billion)**.

Corporate Investors

- Directors and commissioners of Corporate investors establishing a company in Indonesia with an investment of **US\$ 25,000,000 (around Rp 380 billion)** will obtain a golden visa with a stay of **5 years**.
- For an investment value of **US\$ 50,000,000 (around Rp 760 billion)**, the government will grant them a **10-years** stay permit.

Indonesia Investment Guidebook and Regional Investment Potential



Thank You



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