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BKPM Suspends Operation Pending Launch of New Online Single Submission System

At end of June 2018, the government enacted Government Regulation 24/2018 concerning Electronically Integrated Business Licensing Service (**GR**), which introduces the so-called Online Single Submission (**OSS**) system for the issuance of licenses and permits by the government.

The objective of this GR is to have a harmonized, unified, and simplified licensing process nationwide. Based on GR 24/2018, the OSS system will be undertaken by an 'OSS Institution', which is a non-Ministerial government agency engaged in investment coordination.

The Indonesian Investment Board (the **BKPM**) has issued a press release informing of its suspension of all license processing as per Friday, 29 June 2018, pending the launch of the OSS system.

The OSS system will be a "one-roof" online licensing system for the handling of licenses previously managed by different ministries and government agencies, including the BKPM. The system will for the time being be administered by the Coordinating Ministry of Economic Affairs (the **Ministry**), until such time the OSS Institution is officially established or designated. Although not stated in the GR, one reliable source at the Ministry has indicated that the BKPM will be designated as the OSS Institution.

Based on the GR, pending applications submitted prior to enactment of the GR will be processed under the OSS system. According to the press release, all applications received by the BKPM before and after Friday, 29 June 2018, will be forwarded to the Ministry to be further processed through the OSS system, with the exception of some licenses that may be further processed and issued by the BKPM. The BKPM officers could not confirm at this stage which licenses the BKPM will still process during the transition period or in the future when the OSS system is online.

Although the BKPM's own online system (so called **SPIPISE**) remains accessible and can receive applications after Friday, 29 June 2018, ABNR has received verbal confirmation from BKPM Officers that the BKPM is no longer authorized to process these applications, including any applications for foreign direct investment (**FDI**) related licenses, at this time.

Until the OSS system is in place, there will be a moratorium on the issuance of licenses related to investment, either for new investments or existing foreign direct investment companies in Indonesia. It is unclear whether the Ministry, as temporary caretaker of the OSS system until the OSS Institution has been designated, will process and issue approvals for pending applications.

Indeed, there is still very limited information available on the OSS system and its further impact on current authorities and procedures. ABNR is trying to get further information on the above questions, and intends to issue another legal update with further details shortly.

It is most unfortunate that the BKPM has suspended all licensing processes pending the launching of the OSS system. It would have been better if applications were still able to be processed during the transition to the OSS system. The aim of the OSS system is to make it easier for foreign investors to do business in Indonesia, but at least during this transition period, the result is the opposite.

On a positive note, the OSS system should cut down red tape and reduce processing time when applying for licenses and permits in general. Nevertheless, we anticipate that the government will need to amend and align several regulations related to the GR before the OSS system can be fully operational.

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