

REGULATION OF THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA
NUMBER 107 OF 2015
ON
INDUSTRIAL BUSINESS PERMIT

BY THE BLESSINGS OF THE ALMIGHTY GOD

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering: that in order to implement the provision of Article 108 of Law Number 3 of 2014 on Industrial Affairs, it is necessary to enact a Government Regulation on Industrial Business Permit;

Observing : 1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 3 of 2014 on Industrial Affairs (State Gazette of the Republic of Indonesia of 2014 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 5492);

HAS DECIDED:

To enact : GOVERNMENT REGULATION ON INDUSTRIAL BUSINESS PERMIT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Industry means all forms of economic activities which process raw materials and/or utilize industrial resources to produce goods of added value or of higher utility, including industrial services.
2. Industrial Service means any service of business related to Industrial activities.
3. Base Material means any raw materials, semi-finished goods or finished goods which may be processed to become semi-finished goods or fully finished goods of higher economic value.
4. Industrial Business Permit, hereinafter referred to as IUI, means a permit issued to any person to conduct Industrial business activities.
5. Industrial Company means any person that conducts Industrial business activities and is domiciled in Indonesia.
6. Industrial Expansion, hereinafter referred to as Expansion, means the adding of production capacity for the same 5 (five)-digit code of the Indonesian Standard of Industrial Classification as set out in the IUI.
7. Expansion Permit means a permit granted to any Industrial Company to conduct Expansion.
8. Industrial Estate means an estate wherein Industrial activities are centralized, completed with supporting facilities and infrastructure which are developed and managed by an industrial estate company.
9. Industrial Allocated Zone means a spread of land that is allocated for Industrial activities based on an area spatial layout plan as stipulated in accordance with the laws and regulations.
10. Indonesian Standard of Industrial Classification, hereinafter referred to as KBLI, means a classification of economic activities in Indonesia which is established by the chairman of the institution administering statistic affairs.
11. Minister is a minister administering industrial affairs.

CHAPTER II
CLASSIFICATION OF INDUSTRIAL BUSINESS PERMIT

Article 2

- (1) Every Industrial business must own an IUI.
- (2) The Industrial business as referred to in section (1) is the activity of processing Base Materials and/or utilizing Industrial resources to:
 - a. produce goods of added value or of higher utility; and/or
 - b. provide Industrial Services.
- (3) The Industrial business as referred to in section (1) is classified as follows:
 - a. Small-sized industries;
 - b. Medium-sized industries; and
 - c. Large-sized industries.
- (4) A small-sized Industry, medium-sized Industry and large-sized Industry as referred to in section (3) are determined based on their respective numbers of manpower and/or investment values.

Article 3

- (1) The IUI as referred to in Article 2 section (1) covers:
 - a. small-sized IUI for small-sized Industries;
 - b. medium-sized IUI for medium-sized Industries; and
 - c. large-sized IUI for large-sized Industries.
- (2) The IUI as referred to in section (1) contains at least:
 - a. identification of the company;
 - b. taxpayer identification number;
 - c. number of manpower;
 - d. investment value;
 - e. land area of Industrial location;
 - f. Industrial classification in accordance with the KBLI; and
 - g. installed production capacity for Industries which produce goods or services capacity for Industrial Services.
- (3) The IUI as referred to in section (1) shall be issued by the Minister, governor or regent/mayor in accordance with his/her respective authorities.

Article 4

- (1) The IUI shall be issued to a company that will conduct Industrial business.
- (2) The company as referred to in section (1) must be located in an Industrial Estate.
- (3) The IUI as referred to in section (1) may be issued to a company that will conduct Industrial business and is located outside of an Industrial Estate, provided that such company:
 - a. is located in a Regency/City which:
 1. does not yet have an Industrial Estate; or
 2. has an Industrial Estate but its Industrial blocks are fully occupied;
 - b. is classified as a small-sized Industry and a medium-sized Industry which do not potentially cause wide ranging environmental pollution; or
 - c. is an Industry which utilizes specific Raw Materials and/or of which production process requires a specific location.
- (4) A company that will conduct Industrial business and is located outside of an Industrial Estate which is:
 - a. located in a regency/city area as referred to in section (3) point a; and/or
 - b. classified as a medium-sized Industry as referred to in section (3) point b,
 - c. must be located in an Industrial Allocated Zone in accordance with the national, provincial and/or regency/city area spatial plan.
- (5) A small-sized Industry and a medium-sized Industry that do not potentially cause wide-ranging environmental pollution as referred to in section (3) point b and an Industry which utilizes specific Base Materials and/or of that production process requires a specific location as referred to in section (3) point c shall be stipulated by the Minister.

Article 5

- (1) An Industrial Company that adds or reduces the number of its manpower and/or its investment value which result in a

change of classification of its Industrial business must replace its existing IUI in accordance with the IUI provisions as referred to in Article 3 section (1).

- (2) An Industrial Company that changes its Industrial business classification as referred to in section (1) must comply with the location requirement as referred to in Article 4.
- (3) An Industrial Company that does not replace its existing IUI as referred to in section (1) shall be in violation of the obligation to own IUI as referred to in Article 2 section (1).
- (4) The provisions as referred to in section (2) shall not apply to an Industrial Company that changes the classification of its Industrial business without expanding its land area or moving to another industrial location.

Article 6

- (1) One (1) IUI shall only apply to one (1) Industrial Company that:
 - a. owns an Industrial business under one (1) business group with a five (5)-digit KBLI number and is located within one (1) Industrial location;
 - b. owns several Industrial businesses under one (1) integrated production unit with different five (5)-digit KBLI numbers within one (1) Industrial Estate; or
 - c. owns several Industrial businesses under one (1) business group with the same five (5)-digit KBLI number in several locations within one (1) Industrial Estate.
- (2) In the event that an Industrial Company owns an Industrial business outside of the provision as referred to in section (1), the Industrial Company must own a new IUI.

Article 7

- (1) An Industrial Company must:
 - a. conduct Industrial business in accordance with its existing IUI; and
 - b. warrant the security and safety of equipment, processes, production results, storages and handling of materials.

- (2) Further provisions on the warranting of security and safety as referred to in section (1) point b shall be regulated in a Ministerial Regulation.

Article 8

- (1) The IUI is valid to the extent that the relevant Industrial Company still conducts the Industrial business as referred to in Article 2 section (1) in accordance with its existing IUI.
- (2) An Industrial Company which has not conducted Industrial business for a period of three (3) consecutive years will be given two (2) written warnings for a respective period of one (1) year.
- (3) If the Industrial Company as referred to in section (1) had already been given two (2) written warnings but still does not conduct Industrial business, then its existing IUI shall be revoked and declared ineffective by the Minister, governor or regent/mayor in accordance with his/her respective authorities.

Article 9

The IUI as referred to in Article 2 section (1) shall also apply as a permit for the storage of machinery/equipment, Base Materials and/or production results, provided that:

- a. such storage relates to the production activities and/or interests of the relevant Industrial Company which are inseparable from its Industrial activities and is located within one (1) Industrial (business) location; and
- b. such storage is neither leased nor commercialized.

CHAPTER III

AUTHORITIES FOR ISSUING IUIs

Article 10

- (1) The Minister is authorized to issue IUIs as referred to in Article 3 section (1) for:
 - a. strategic Industries;
 - b. high-technology Industries;

- c. alcoholic beverages Industries;
 - d. Industries that directly relate to defense and security;
 - e. Industries that have a significant impact on the environment; and
 - f. Industries that derive from foreign investments and investors which utilize foreign capital from the governments of other countries, based on agreements made by the Central Government and the governments of other countries.
- (2) The Industries as referred to in section (1) point a shall be stipulated in a Presidential Regulation.
 - (3) The Industries as referred to in section (1) point b, point d and point e shall be stipulated in a Ministerial Regulation.
 - (4) The Minister may delegate his/her authorities to issue IUIs to the head of the Central Government institution administering one-stop integrated services for Industry as referred to in section (1), to be conducted in accordance with the provisions of laws and regulations.

Article 11

- (1) A governor is authorized to issue large-sized IUIs for Industries other than those which form the authorities of the Minister as referred to in Article 10.
- (2) A governor shall delegate authorities for the issuing of IUIs as referred to in section (1) to the head of the relevant provincial government administering one-stop integrated services.

Article 12

- (1) A regent/mayor is authorized to issue medium-sized IUIs and small-sized IUIs for Industries of which Industrial locations are located in regency/city areas other than those which form the authorities of the Minister as referred to in Article 10.
- (2) A regent/mayor shall delegate authorities for the issuing of IUIs as referred to in section (1) to the head of the relevant regency/city government institution administering one-stop integrated services.

Article 13

The head of the Central Government institution administering one-stop integrated services as referred to in Article 10 section (4), the heads of the provincial government institutions as referred to in Article 11 section (2) and the heads of the regency/ city government institutions as referred to in Article 12 section (2) shall, in issuing IUIs to Industrial Companies, refer to the norms, standards, procedures and criteria for the issuing of IUIs as stipulated by the Minister.

Article 14

The Minister, governors and regents/mayors shall, in accordance with their respective authorities, provide implementation guidance on the issuance of IUIs by the heads of the government institutions administering one-stop integrated services as referred to in Article 13.

Article 15

For the purposes of deepening Industrial structure and enhancing Industrial competitiveness, the heads of the government institutions administering one-stop integrated services in issuing IUIs refers to the investment policies for Industry as stipulated by the Minister.

CHAPTER IV

PROCEDURES FOR ISSUING IUIs

Part One

Small-Sized IUI

Article 16

- (1) The small-sized IUI as referred to in Article 3 section (1) point a shall be issued to any small-sized Industry which meets the following requirements:
 - a. all of its capital must be owned by Indonesian nationals;
and
 - b. the business field of such Industry is declared open and conditionally open to investment in accordance with the

provisions of laws and regulations and/or investment policies for Industry as stipulated by the Minister.

- (2) An application to obtain the small-sized IUI as referred to in section (1) shall be submitted to:
 - a. the Minister; or
 - b. a regent/mayor by way of one-stop integrated services.
- (3) The application to obtain the small-sized IUI as referred to in section (2) shall at least be attached with:
 - a. copy of identifications of relevant owners and business actor/company;
 - b. copy of taxpayer identification number; and
 - c. copy of documents as required under the provisions of laws and regulations.
- (4) The application to obtain the small-sized IUI as referred to in section (3) shall not apply to licensing which is related to hindrances.

Article 17

The Minister and a regent/mayor in accordance with their respective authorities shall, within a period of no later than five (5) days as of their receipt of an application:

- a. issue the small-sized IUI if all requirements have been completely and duly fulfilled; or
- b. reject the application if it does not fulfill the requirements as referred to in Article 16.

Part Two

Medium-Sized IUI and Large-Sized IUI

Article 18

- (1) The medium-sized IUI and the large-sized IUI as referred to in Article 3 section (1) point b and point c shall be issued to any medium-sized Industry and large-sized Industry which fulfill the requirement of their Industrial business fields being declared open and conditionally open to investment in accordance with the provisions of laws and regulations and/or investment policies for Industry as stipulated by the Minister.

- (2) Other than fulfilling the requirement as referred to in section (1), the capital of:
 - a. Industries which are unique and constitute national cultural heritage; and
 - b. certain medium-sized Industries which are reserved for ownership by Indonesian nationalsmust be entirely owned by Indonesian nationals.
- (3) An application to obtain the medium-sized IUI and the large-sized IUI as referred to in section (1) shall be submitted to:
 - a. the Minister;
 - b. a governor by way of one-stop integrated services;
 - c. a regent/mayor by way of one-stop integrated services.
- (4) The Industries as referred to in section (2) shall be stipulated by the President.

Article 19

Before submitting the application to obtain the medium-sized IUI and the large-sized IUI as referred to in Article 18 section (3), a company that will engage in Industrial business must:

- a. have already completed all preparations and the activities of construction, procurement, installation of equipment and other preparedness;
- b. be ready to conduct Industrial business; and
- c. fulfill the Industrial location requirement as referred to in Article 4.

Article 20

- (1) The application to obtain the medium-sized IUI and the large-sized IUI as referred to in Article 18 section (3) shall at least attach:
 - a. copy of identification of the applicant;
 - b. copy of taxpayer identification number of the company;
 - c. copy of deed of establishment of the company and/or its amendments, as ratified/stipulated by the authorized authorities;
 - d. copy of environmental permits or copy of Industrial Estate environmental permits; and

- e. copy of documents as required under the provisions of laws and regulations.
- (2) The application to obtain the medium-sized IUI and the large sized IUI as referred to in section (1) shall not apply to licensing which is related to hindrances.

Article 21

- (1) The Minister, a governor and a regent/mayor in accordance with their respective authorities shall, upon receipt of a complete and correct application to obtain an IUI and within a period of no later than five (5) work days, inspect the Industrial location, the results of which shall be set out in minutes of inspection.
- (2) Based on the results of the minutes of inspection as referred to in section (1):
 - a. the Minister;
 - b. a governor by way of one-stop integrated services; or
 - c. a regent/mayor by way of one-stop integrated services shall issue or reject the IUI application no later than five (5) work days as of his/her receipt of such minutes of inspection.
- (3) An application shall be rejected if, based on the results of inspection of the Industrial location as referred to in section (1), such application does not fulfill the requirements as referred to in Article 19 and/or a discrepancy is found in any of the documents as referred to in Article 20.

Article 22

Further provisions on procedures for issuing IUIs as referred to in Article 16, Article 18 and Article 19 shall be regulated in a Ministerial Regulation.

CHAPTER V EXPANSION PERMIT

Article 23

- (1) Every Industrial Company that owns an IUI may conduct Expansion.

- (2) An Industrial Company that conducts the expansion as referred to in section (1) is not required to own an Expansion Permit.
- (3) An Industrial Company of which Expansion has an impact on the environment must make amendments to its environmental management and monitoring documents/reports in accordance with the provisions of laws and regulations.

Article 24

- (1) In the event that it is necessary, an Industrial Company as referred to in section (1) may submit an application to obtain an Expansion Permit.
- (2) In the event that the Expansion utilizes natural resources which require analysis of environmental impact assessment, the Industrial Company must own an Expansion Permit.
- (3) Industries that must own the Expansion Permit as referred to in section (2) shall be stipulated by the Minister.

Article 25

An Expansion Permit shall be issued by:

- a. the Minister;
 - b. a governor by way of one-stop integrated services; or
 - c. a regent/mayor by way of one-stop integrated services
- in accordance with his/her authorities as referred to in Article 10, Article 11 and Article-12.

Article 26

An Expansion Permit shall be issued to an Industrial Company which has already completed preparations and the activities of construction, procurement, installation of equipment and other preparedness for the purposes of the Expansion.

Article 27

- (1) The Industrial Company as referred to in Article 23 section (3) and Article 24 section (1) shall submit an application to obtain the Expansion Permit to:

- a. the Minister;
 - b. a governor by way of one-stop integrated services; or
 - c. a regent/mayor by way of one-stop integrated services.
- (2) The application to obtain the Expansion Permit as referred to in section (1) shall be made by at least attaching:
- a. a copy of the IUI;
 - b. Expansion plan documents;
 - c. Industrial data for the last two (2) years as submitted through the National Industrial Information System;
 - d. amendments to environmental permits; and
 - e. other documents as required under the provisions of laws and regulations.

Article 28

- (1) The Minister, a governor and a regent/mayor in accordance with their respective authorities shall, upon receipt of a complete and correct application to obtain an Expansion Permit and within a period of no later than five (5) work days, inspect the Industrial location, the results of which shall be set out in minutes of inspection.
- (2) Based on the results of the minutes of inspection as referred to in section (1):
 - a. the Minister;
 - b. a governor by way of one-stop integrated services; or
 - c. a regent/mayor by way of one-stop integrated services shall issue or reject the Expansion Permit application no later than five (5) work days as of his/her receipt of the minutes of inspection.
- (3) An application shall be rejected if, based on the results of inspection of the Industrial location as referred to in section (1), it does not fulfill the requirements as referred to in Article 26 and/or a discrepancy is found in any of the documents as referred to in Article 27.

Article 29

Further provisions on procedures for issuing the Expansion Permit shall be regulated in a Ministerial Regulation.

CHAPTER VI
PROCEDURES FOR IMPOSING
ADMINISTRATIVE SANCTIONS

Article 30

- (1) An Industrial Company which does not own the IUI as referred to in Article 2 section (1) shall be imposed with administrative sanctions in the form of:
 - a. written warnings;
 - b. administrative fines; and
 - c. temporary closing.
- (2) An Industrial Company which is not located in the Industrial Estate as referred to in Article 4 section (2) and/or an exempted Industrial Company which is not located in the Industrial Allocated Zone as referred to in Article 4 section (4) shall be imposed with administrative sanctions in the form of:
 - a. written warnings;
 - b. administrative fines;
 - c. temporary closing;
 - d. suspension of the IUI; and/or
 - e. revocation of the IUI.
- (3) An Industrial Company which does not fulfill the requirements as referred to in Article 7 section (1) or an Industrial Company which does not own the Expansion Permit as referred to in Article 24 section (1) shall be imposed with administrative sanctions in the form of:
 - a. written warnings;
 - b. administrative fines;
 - c. temporary closing;
 - d. suspension of the IUI; and/or
 - e. revocation of the IUI.
- (4) The imposition of administrative sanction in the form of revocation of the IUI as referred to in section (2) point e may be directly imposed insofar as it is regulated under the law.

Article 31

The written warnings as referred to in Article 30 section (1) point a, section (2) point a and section (3) point a shall be imposed for maximum of three (3) consecutive times with a respective period of thirty (30) days.

Article 32

- (1) An Industrial Company which has been imposed with administrative sanction in the form of written warnings and does not remedy within the period as referred to in Article 31 shall be imposed with the administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) shall be imposed for a maximum of 1% (one percent) of the investment value.
- (3) Payment of the administrative fines as referred to in section (1) shall be made no later than thirty (30) days since a letter for the imposition of the administrative fines is received.

Article 33

- (1) An Industrial Company which does not comply with its obligation and does not pay the administrative fines within the period as referred to in Article 32 section (3) shall be imposed with the administrative sanction in the form of temporary closing.
- (2) In the event that the Industrial Company which have paid the administrative fines within a period of thirty (30) days as of the payment due date does not comply with its obligation, it shall be imposed with the administrative sanction in the form of temporary closing.
- (3) The administrative sanction in the form of temporary closing as referred to in section (1) and section (2) shall be imposed on:
 - a. an Industrial Company which does not own the IUI as referred to in Article 2 section (1), until it acquires such IUI in accordance with the provisions of laws and regulations;

- b. an Industrial Company which is not located in the Industrial Estate as referred to in Article 4 section (2), an exempted Industrial Company which is not located in the Industrial Allocated Zone as referred to in Article 4 section (4), an Industrial Company which does not fulfill the provisions as referred to in Article 7 section (1) or an Industrial Company which does not own the Expansion Permit as referred to in Article 24 section (1), for a period of no later than thirty (30) days as of the date of receipt of a letter on such temporary closing.

Article 34

- (1) In the event that an Industrial Company still does not fulfill its obligation and/or does not pay the administrative fines after the expiration of the administrative sanction in the form of temporary closing as referred to in Article 33 section (3) point b, then it shall be imposed with the administrative sanction in the form of suspension of its IUI.
- (2) The suspension of the IUI as referred to in section (1) shall be valid for a period of no later than three (3) months since the issuing date of a letter for the stipulation of the suspension.

Article 35

An Industrial Company which has already fulfilled its obligation and paid the administrative fines within the period as referred to in Article 34 section (2) may submit an application for the reinstatement of its IUI from suspension status.

Article 36

In the event that an Industrial Company still does not fulfill its obligation and/or does not pay the administrative fines as of the date of expiration of the administrative sanction in the form of suspension of its IUI as referred to in Article 34 section (2), then it shall be imposed with the administrative sanction in the form of revocation of its IUI.

Article 37

- (1) The Minister, a governor and a regent/mayor in accordance with their respective authorities shall impose the administrative sanctions as referred to in Article 30 to Industrial Companies.
- (2) The imposition of the administrative sanctions as referred to in section (1) shall be based on the results of investigation reports derived from:
 - a. a complaint; and/or
 - b. follow-up on the results of supervision.
- (3) In imposing administrative sanctions, a governor and a regent/mayor as referred to in section (1) shall refer to the norms, standards, procedures and criteria for the imposing of administrative sanctions as stipulated by the Minister.

Article 38

A governor and a regent/mayor shall submit reports on the suspension, reinstatement from suspension status and revocation of IUIs to the Minister.

Article 39

The administrative sanction as referred to in Article 32 section (2) constitutes non-tax state revenues or regional revenues.

CHAPTER VII
TRANSITIONAL PROVISIONS

Article 40

At the time when this Government Regulation comes into force:

- a. A company which already submitted applications to acquire an Industrial Registration Certificate, IUI and Expansion Permit and is still in the process of applying for such permits must have such applications adjusted with the provisions of this Government Regulation;
- b. an Industrial Company which already owns a permit relating to hindrances as a requirement in acquiring its IUI which was issued prior to this Government Regulation

coming into effect does not need to have such permit renewed nor extended.

CHAPTER VIII CLOSING PROVISIONS

Article 41

At the time when this Government Regulation comes into force:

- a. Government Regulation Number 13 of 1995 on Industrial Business Permit (State Gazette of the Republic of Indonesia of 1995 Number 25, Supplement to the State Gazette of the Republic of Indonesia Number 3596) shall be repealed and declared ineffective.
- b. All laws and regulations which constitute the implementing regulations of Government Regulation Number 13 of 1995 on Industrial Business Permit (State Gazette of the Republic of Indonesia of 1995 Number 25, Supplement to the State Gazette of the Republic of Indonesia Number 3596) shall be declared to remain effective insofar that they do not contravene with or are not yet regulated in a new implementing regulation in accordance with this Government Regulation; and
- c. an Industrial Company which already owns permits in the form of an Industrial Registration Certificate, IUI or similar permits for its Industrial activities as issued based on Law Number 5 of 1984 on Industrial Affairs (State Gazette of the Republic of Indonesia of 1984 Number 22, Supplement to the State Gazette of the Republic of Indonesia Number 3274) and its implementing regulations shall be declared effective insofar that it is still operating in accordance with the permits granted.

Article 42

This Government Regulation shall come into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 23 December 2015

PRESIDENT OF THE REPUBLIC
OF INDONESIA,

Signed

JOKO WIDODO

Promulgated in Jakarta
on 28 December 2015

MINISTER OF LAW AND HUMAN RIGHTS OF THE
REPUBLIC OF INDONESIA,

Signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2015 NUMBER 329

Jakarta, 15 June 2016

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



WIDODO EKATJAHJANA