



Summary of Government Regulation No. 28/2025 on Risk-Based Business Licensing

The Indonesian government has introduced Government Regulation No. 28 of 2025 (“**GR No. 28/2025**”), replacing Government Regulation No. 5 of 2021, to further refine the country’s risk-based business licensing system. The regulation is intended to simplify processes, strengthen digital integration, and provide clearer rules for businesses across all sectors.

More Integrated Licensing Framework on GR No. 28/2025 maintains the risk-based approach but improves efficiency by fully consolidating licensing, supervision, and sanctions into the Online Single Submission (OSS) platform. Businesses now have a single entry point for obtaining approvals such as spatial utilization, environmental permits, and building approvals, creating a smoother path to operation.

GR No. 28/2025 spans almost 400 pages plus more than 10,000+ pages of appendices, underscoring the government’s effort to provide detailed sector-based guidance and solid administrative procedures for Indonesia’s business licensing framework. The regulation is divided into 14 chapters as follows:

1. **General Provisions** – Definitions and scope of application;
2. **Basic Requirements** – Core prerequisites such as spatial, environmental, and building approvals;
3. **Business Licensing** – Procedures for obtaining licenses based on risk classification;
4. **Supporting Licenses (PB-UMKU)** – Additional permits to support business operations;
5. **Norms, Standards, Procedures, and Criteria** – Technical rules governing licensing requirements;
6. **Integrated OSS System** – Implementation of the Online Single Submission platform;
7. **Supervision** – Monitoring and enforcement of compliance;
8. **Policy Reform** – Updates and adjustments to improve the regulatory framework;
9. **Funding** – Financial provisions for implementing the licensing regime;
10. **Dispute Resolution** – Mechanisms for resolving licensing-related conflicts;
11. **Sanctions** – Administrative penalties for non-compliance;
12. **Miscellaneous** – Other regulatory provisions not covered elsewhere;
13. **Transitional Provisions** – Rules for handling existing and ongoing applications;
14. **Closing Provisions** – Final clauses and regulatory authority;

Risk-Based Classification Licensing continues to follow a tiered risk structure, this system ensures regulatory requirements are proportional to potential business risks which is:

1. Low Risk only need Business Identification Number or “*Nomor Induk Berusaha*” (“**NIB**”);
2. Medium-Low Risk need NIB and a standard certificate;
3. Medium-High Risk requires verification of compliance before operations;
4. High risk subject to a full business license and stricter oversight.

To prevent administrative delays, GR No. 28/2025 introduces a “fictitious positive” or “*fiktif positif*” mechanism. If authorities fail to process applications within a set timeframe, approvals are automatically deemed granted. This applies to land use approvals, environmental technical permits, and even certain medium-high and high-risk business licenses.

Clearer Rules on Environmental and Technical Approvals
Environmental approvals are now firmly embedded as a core licensing requirement. Depending on activity risk, businesses must secure AMDAL, UKL-UPL, or SPPL documents. Technical approvals, such as wastewater and emission permits, are mandatory prerequisites but processed through separate government platforms.

Updates on Business Classifications (KBLI):

Several KBLI codes have been revised to reflect new industries and risks:

1. Renewable energy integrated with EV charging is now medium-low risk (KBLI 35114 – Power Sales);
2. Carbon pipeline transport and carbon capture & storage (CCS) are classified as high risk (KBLI 49300 – Pipeline Transport Services);
3. Energy conservation services are newly included under supporting electricity activities (KBLI 35129 – Other Electricity-Related Supporting Activities).

GR No. 28/2025 removes certain foreign ownership restrictions previously in place for construction services and opens up several business lines that were once reserved for MSMEs. This change signals greater openness to large-scale and foreign investment.

Authorities at the central, regional, and special zone levels will carry out both routine and ad-hoc supervision. A clearer sanctions framework has been introduced, including measures such as temporary suspension of operations, police coercive actions, and cessation of government services for severe violations.

Micro and Small Enterprises (MSEs) continue to benefit from simplified licensing, often requiring only an NIB or standard certificate. GR No. 28/2025 also provides access to government support programs, partnerships, and incentives designed to reduce barriers for small businesses.

Licensing in SEZs and FTZs is delegated to zone administrators, giving businesses a single point of contact for all permits and approvals. This framework is expected to attract more investment into Indonesia’s 24 SEZs and 4 FTZs.

To ensure continuity, ongoing applications under GR No. 5/2021 will remain valid until the OSS platform is fully upgraded. Existing licenses also stay valid, but businesses may choose to adopt GR No. 28/2025 if its provisions are more favourable.



Conclusion

GR No. 28/2025 represents a major step forward in Indonesia's risk-based licensing framework, offering businesses greater transparency, efficiency, and legal certainty. By consolidating licensing, environmental, and building approvals into the OSS platform, and introducing features such as the "*fictitious positive*" mechanism, the regulation seeks to remove administrative bottlenecks and accelerate the start of operations.

The new rules also harmonize sectoral standards, delegate licensing authority in Special Economic Zones and Free Trade Zones, and strengthen supervision and enforcement—creating a more consistent and investment-friendly environment. Notably, while simplifying procedures for medium and large companies, the regulation also eases requirements for micro and small enterprises, promoting inclusive growth and entrepreneurship.

With clearer sectoral updates and stronger oversight, GR No. 28/2025 is designed to align Indonesia's investment climate with international best practices, making it more attractive to both local and foreign investors. As the government completes OSS upgrades and implementing regulations, businesses are advised to reassess their licensing position and take advantage of the new regulation.