



Representative Office In Indonesia: Legal Requirements, Restrictions, And Compliance

Indonesia remains an attractive destination for foreign companies seeking to explore market potential without immediately engaging in full-scale commercial activities. One common entry strategy is establishing a Representative Office in Indonesia. This form of presence allows foreign entities to conduct limited activities while complying with Indonesian regulatory frameworks.

Understanding the Indonesia representative office requirements, applicable restrictions, and compliance obligations is essential to ensure lawful and sustainable operations.

Overview Of Representative Office In Indonesia

A foreign representative office in Indonesia is a non-commercial office established by a foreign company to represent its interests in Indonesia. Unlike a foreign investment company (PT PMA), a representative office is not allowed to generate revenue or engage in profit-making activities.

Representative offices are primarily regulated under investment and licensing regulations issued by the Indonesian government and are supervised by relevant authorities.

Types Of Representative Offices

In practice, Indonesia recognizes several types of representative offices, including:

- Foreign Company Representative Office (KPPA)
- Foreign Trading Company Representative Office (KP3A)
- Foreign Construction Representative Office (BUJKA)

Legal Requirements For Establishing a Representative Office In Indonesia

To establish a representative office in Indonesia, foreign companies must comply with several key legal requirements, including:

- Appointment of a foreign parent company as the principal,
- Registration through the Online Single Submission (OSS) system,
- Submission of establishment documents, including articles of association of the parent company,
- Appointment of a chief representative domiciled in Indonesia,
- Obtaining a valid business identification number and representative office license.

Permitted And Restricted Activities

A representative office in Indonesia is subject to strict activity limitations.

Permitted activities include:

- Market research and feasibility studies
- Liaison and coordination with local partners
- Promotion and information dissemination regarding the parent company
- Supervision of affiliates or subsidiaries in Indonesia

Restricted activities include:

- Engaging in sales or commercial transactions
- Issuing invoices or receiving payments
- Participating directly in procurement or project execution



Compliance Obligations For Representative Offices

Maintaining RO legal compliance Indonesia requires ongoing adherence to regulatory obligations, such as:

- Periodic activity reporting to relevant authorities,
- Maintaining a registered office address in Indonesia,
- Compliance with manpower regulations, including expatriate employment rules,
- Timely renewal of licenses and registrations.

Legal Risks And Sanctions

Non-compliance by a foreign representative office in Indonesia may lead to:

- Written warnings,
- Suspension of activities,
- Revocation of representative office license,
- Mandatory closure of the office.

Conclusion

Establishing a representative office in Indonesia is a strategic option for foreign companies seeking market entry with minimal risk. However, compliance with Indonesia representative office requirements, understanding operational restrictions, and maintaining continuous RO legal compliance Indonesia are crucial to ensure lawful operations. With proper legal planning and compliance management, a foreign representative office can serve as an effective gateway to the Indonesian market.

This article is prepared for general informational purposes only and does not constitute legal advice. Should you require assistance in establishing or managing a foreign representative office in Indonesia, our team is ready to assist you strategically and professionally. Please consult your matters with us through:

 **08567572501**

 **info@justianlawfirm.com**

 **www.justianlawfirm.com**