MAM Corporate Solutions

MAM CORPORATE SOLUTIONS

Business Setup

Choosing a structure, and getting it registered

A practical guide for foreign investors · Jakarta

▶ INTRODUCTION

The ways in, and one decision.

Contents

Almost every company entering Indonesia arrives at the same handful of options. Choosing between them takes about ten minutes once you know what separates them — and choosing wrongly is expensive to undo.

This guide sets out the structures, what each may and may not do, what has to be in place before any of them can be registered, and what happens in the first year.

What this guide does not contain

The edition this replaces carried a table of eight sectors and the foreign ownership allowed in each. It is not here, and the reason matters more than the table did.

Ownership limits are read per activity, not per sector, and within an activity they attach to the particular business field named. A hospital is unrestricted; a small clinic under the identical classification is not open to foreign ownership at all. A table of sector headings cannot carry that.

The restricted list is short, and concentrated in transport and media. Almost nothing a typical investor asks about is on it — and which side of it you fall on is a ten-minute answer we give before anything is filed.

▶ THE CHOICE

The structures to choose from.

A foreign investment company — PT PMA

The entity that lets a foreign shareholder own and operate a business in Indonesia directly. It trades, invoices and employs in its own name. This is the right structure when you intend to do business here rather than observe it.

Up to 100% Foreign ownership, subject to KBLI	**IDR 2.5bn** Paid-up capital you must fund	**Yes** Can trade, invoice and employ

A local company — PT PMDN

The domestic limited company, owned by Indonesian shareholders. Faster and materially cheaper to establish than a foreign investment company, with no restriction on business activity — and no foreign shareholding.

You set it Capital — no legal minimum	**2 weeks** From instruction to trading	**Indonesian** Shareholders required

A representative office

People on the ground without a trading entity — to research the market, manage suppliers or oversee a project. It cannot trade or invoice, which is the whole of its simplicity and the whole of its limit.

3 years Licence term, extendable	**2** Foreign staff it can sponsor	**No** Trading or invoicing permitted

▶ THE CHOICE

Two questions that settle it.

Does your activity permit foreign ownership?

The KBLI classification governs this — the government's business-activity classification system — and some activities are open to full foreign ownership while others are capped or closed. It is the first thing we check, before anything is filed, because it decides both what you may own and which licences you will need.

Do you need to trade at all?

If you only need a presence — market research, liaison, oversight of a supplier — a representative office does that with no capital requirement, because it does not generate revenue. If you intend to invoice an Indonesian customer, you need a company.

A representative office is not a first step

It cannot be converted into a PT PMA by amendment. Going from one to the other means incorporating a new company from scratch, so it is worth knowing before choosing the route rather than after.

Classification is chosen for the business, not the licence

A classification picked to fit an easy licence passes at registration and surfaces later, when a bank, an auditor or a tax examiner asks why the activity does not match it. We choose it against what you actually intend to do.

WHERE WE START

Tell us what the business will actually do, and where. Everything else in this guide follows from that one answer, and it is the answer we ask for first.

One Indonesian founder? An individual company — PT Perorangan

One founder, who must be an Indonesian citizen, at micro or small scale. Registered by an electronic statement rather than a notarial deed, and converted into an ordinary company when it takes a second shareholder or grows past that scale. **A foreign investor cannot hold one.**

One	No notary	You set it
Founder, who must be Indonesian	Registered by electronic statement	Capital — no legal minimum

▶ HOW IT IS DONE

How a company is formed.

01

YOU

Confirm the structure and the shareholders

Ownership, directors and commissioners, settled with us before anything is drafted.

02

WE

Draft the deed

Prepared with the notary and checked against the Ministry rules.

03

YOU

Sign the deed

In person, or remotely where that is permitted.

04

WE

Obtain approval, NPWP, Coretax and NIB

The company exists legally, its tax account is activated, and it can trade.

The sequence is the same for a foreign investment company. What comes before it differs: a PT PMA's classification and licensing position is settled first, because it governs the shareholding the deed will record.

Nothing needs to be apostilled or legalised for the company formation itself, including a foreign corporate shareholder's documents. That surprises people who have set up elsewhere, and it removes a fortnight from most timetables.

A PT Perorangan skips the deed. Its founder registers it by an electronic statement instead, and it takes about the same time.

ABOUT TWO WEEKS

That is the usual time from instruction to a company that can trade. What lengthens it is almost never the registration — it is a classification question that could have been settled in week one.

▶ HOW IT IS DONE

What has to be in place.

Five things, and we can supply the ones you do not have. A PT Perorangan needs fewer, because its founder is at once its director and its only shareholder.

- **Shareholders.** A local company is held by Indonesian shareholders; a foreign investment company can be held by a foreign individual or a foreign company. Where you need an Indonesian shareholder and do not have one, we provide a local resident shareholder — documented properly, which is the only version of that arrangement worth having.
- **A director resident in Indonesia.** Every Indonesian company must have one, and the appointment is real — the person can bind the company, which is why the authority limits go in writing before they are appointed, not after.
- **A commissioner**, who supervises the directors rather than managing the company. It is a separate requirement and a separate appointment, and it should be independent of the director or it is pointless.
- **A registered office address** that is accepted for company and tax registration. A Jakarta business address does this without paying for space you will not use — though it is worth checking that your classification allows one before relying on it.
- **Documents for everybody named.** Passports or identity cards, email addresses, residential addresses and contact numbers for each director, shareholder and commissioner. Where a foreign company is the shareholder, its articles and the details of the director authorised to sign.

What we hand you at the end

- **KBLI classification advice** before anything is filed — it decides what you may own and which licences you need
- **Your complete corporate file** — the notarial deed, the Ministry of Law approval (SK), your NPWP and NIB, and the sector and location licences your classification requires
- **The document pack a bank will ask for** when you open the company account

YOU DO NOT NEED ALL FOUR TO START

A shareholder, a director, a commissioner and an address are all things we can supply. Tell us which you already have and we will fill the rest.

What starts on day one.

Three obligations begin the moment the company exists, whether or not it has traded. They are the ones most often discovered late, because nothing arrives in the post to announce them.

15

LKPM quarterly

Quarterly for medium and large businesses: by 15 April, 15 July, 15 October and 15 January. Every PT PMA counts as a large business whatever its capital, so a PT PMA always files quarterly; a local PT files quarterly only if it is medium or large. The 15th is recent: until 1 October 2025 the deadline was the 10th, and BKPM routinely extended it by a few days, announcement by announcement. Permeninves/BKPM 5/2025 moved the date to the 15th, and the extensions have stopped.

The investment activity report: what a business has actually invested and realised, for each business activity and location. It is filed even when nothing happened — a nil report is still a report — though four in a row showing no new investment draw sanctions of their own. Upstream oil and gas, banking, non-bank financial institutions and insurance lost their exemption on 2 October 2025.

PT PMA, PT (local) · BKPM, through the OSS system

30

Corporate tax return

Four months after the financial year ends — 30 April for a company on a calendar year.

The company's annual return, reconciled to its accounts.

every company · Directorate General of Taxes

—

AGM and annual report

Within six months of the financial year ending — 30 June for a company on a calendar year. The notarised approval is then filed through the notary within 30 calendar days of the deed being signed.

The AGM at which the annual report and financial statements are put to shareholders. The approval of the annual report goes into a notarial deed, and the deed is filed with the Ministry of Law.

PT PMA, PT (local) · Held by the company; the approval is filed with the Ministry of Law through AHU, by the notary

And the monthly cycle, once there are transactions. Tax withheld on payments is paid and then reported every month, and payroll compliance starts with the first employee. A company registered for VAT files a return every month from that point, even at nil.

A nil investment report is still a report. A company with a business identification number files from that point, using the preparation-stage version — before there is any revenue to report.

A PT Perorangan keeps financial statements from the start. For this vehicle the law makes them a duty rather than good practice, so we set the books up alongside the registration.

▶ QUESTIONS

Questions investors ask.

What do you need to know before you can quote?

The proposed company name, the details of the directors, shareholders and commissioners, the business activity, whether you need a virtual or a physical office, and where the company is to be set up. We need passport copies or identity cards, email addresses, residential addresses and contact numbers for everyone named. Where a foreign company is the shareholder we also need its articles of association and the details of the director authorised to sign.

What is the minimum investment, and how much must be paid up?

The deed sets authorised capital (modal dasar), usually IDR 10 billion, and issued and paid-up capital (modal ditempatkan dan disetor) of at least IDR 2.5 billion, held in the company account for twelve months. The planned investment must exceed IDR 10 billion per business line per location, excluding land and buildings. For property, accommodation and farming businesses, land and buildings count towards that figure.

Do the foreign shareholder's documents need to be apostilled?

No. Nothing needs to be apostilled or legalised for the company formation itself.

Does the price include the business licences?

It depends on the business activity. Licences are classified by risk under KBLI, the government's business-activity classification system. For low-risk activities the business identification number is activated as part of the formation. Medium and higher-risk activities carry additional requirements that have to be met before the licence can be activated, and that activation is not included.

What are the obligations in the first year?

Two start at once, trading or not: the investment board report (LKPM), which has a preparation-stage version for a company that is not yet operating, and the annual corporate return. Monthly tax and payroll compliance follow once it starts trading and paying staff — sooner if it is registered for VAT, because a VAT return is filed every month, even at nil.

And about a representative office

What do you need before you can quote?

The head office company documents, and the documents of the chief representative the head office is appointing.

How many foreign staff can a representative office sponsor?

Usually two — the chief representative and an assistant.

What must it report each year?

Payroll taxes, other withholding taxes, and the annual corporate return.

How long does the licence run?

Typically three years, and it can be extended.

▶ WITHOUT A COMPANY

If you are not ready to incorporate.

Two situations come up often enough to be worth stating plainly, and in both of them incorporating is not the next step.

You want to hire before you incorporate

You cannot employ anyone in Indonesia without an entity here — but we can. Under an employer of record arrangement we become the legal employer of your staff while you direct their work, which puts someone in the market within weeks. The entity can follow once the business case is proven.

You want a company that already exists

A shelf company arrives with age, filings and sometimes a bank account. It also arrives with its history, which transfers to you with the shares. Unless you specifically need one of those things, we will usually suggest incorporating fresh — amending a shelf company's documents takes about as long as forming a new one.

And once the company exists

The statutory record has to be kept correct from the first day, not reconstructed later. A gap in it is discovered at the worst possible moment, because that is when anybody looks — a bank application, a funding round, a buyer's lawyer. Keeping it straight is ordinary work and we do it as a fixed annual fee.

EITHER WAY, ASK FIRST

Both of these are cheaper than an entity you did not need, and both are harder to unwind than they look. A short conversation settles which one you are actually in.

▶ WHY MAM

Why investors use us to do it.

01

One team, formation to compliance

The team that files your deed files your tax afterwards. Nothing is handed to a third party at the point it gets difficult.

02

In Jakarta since 2017

MAM has been established in Jakarta Utara since 2017, so licensing answers come from how offices actually behave, not from the regulation alone.

03

Advice in your language, filings in Bahasa

The team works in English, Bahasa Indonesia, Urdu and Tamil. You discuss the structure in your own language; filings go in the ministry's.

Qualified, and accountable for it

ACCA	IAPI	IAI	IFAC	xero	HReasily
MEMBER	REGISTERED	MEMBER	THROUGH ACCA	XERO BRONZE PARTNER & CERTIFIED ADVISOR	PARTNER

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▶ GET IN TOUCH

Tell us what the business will do.

Send us the activity and where you want it, and we will tell you which structure fits, what it can own, and what it will take to register.

We aim to reply the same working day.

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