INDONESIA

PT PMA FOREIGN INVESTMENT COMPANY

CLIENT GUIDE 2026

Foreign investment, OSS risk-based licensing, taxation and ongoing compliance

Professional company formation and ongoing corporate administration

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Indonesia PT PMA at a Glance

The standard Indonesian vehicle for foreign direct investment is a **Perseroan Terbatas Penanaman Modal Asing (PT PMA)** - an Indonesian limited-liability company with foreign investment. Business licensing is administered through Indonesia's **Online Single Submission Risk-Based Approach (OSS RBA)** system under the current 2025 risk-based licensing framework.

Topic	Current legal / practical position
Legal form	Indonesian limited liability company (PT) with foreign investment status - commonly called **PT PMA**.
Foreign ownership	Many business activities are open to **100% foreign ownership**, but sector-specific ownership conditions/restrictions remain and must be checked against the current investment rules and KBLI activity.
Shareholders	Ordinary PT structures generally use at least **2 shareholders**; foreign individuals and/or foreign corporate shareholders can participate subject to the investment rules.
Management	A PT uses a **Board of Directors** for management and a **Board of Commissioners** for supervision; at least one director and one commissioner are normally required.
Deed / approval	Established by notarial deed in Indonesian and obtains legal-entity approval/registration through the Ministry of Law system.
NIB	The **Business Identification Number (NIB)** is the official business identity issued through OSS.
Risk-based licences	OSS classifies activities into **low, medium-low, medium-high and high risk**; licence/certificate obligations depend on the risk level.
Investment scale	Foreign-investment companies are treated as large businesses. Current investment rules require the project/investment value to satisfy the PT PMA large-investment threshold, subject to sector/activity rules.
Corporate income tax	Standard Indonesian corporate income tax is **22%** in 2026.
Annual tax return	Corporate annual income tax return generally due within **4 months after the end of the tax year**.

The Key Tax Conclusion

Indonesia is not a 0% foreign-source company jurisdiction

A PT PMA is an Indonesian resident company and is generally taxed in Indonesia on its taxable income under the ordinary corporate tax regime. Foreign shareholders, foreign customers or earning revenue outside Indonesia do **not** create a blanket 0% corporate-tax exemption.

Indonesia instead offers targeted investment incentives and specific statutory exclusions/reliefs. Their availability depends on the sector, investment, location, qualifying expenditure and other conditions; they should be reviewed separately for each project.

Key Benefits for Foreign Investors

- 100% foreign ownership is available in many sectors, subject to the current investment restrictions.
- Limited-liability Indonesian legal entity suitable for operating business locally.
- OSS provides integrated risk-based business licensing and the NIB.
- Access to Indonesia's large domestic market and manufacturing/service economy.
- Investment incentives may be available for qualifying priority sectors/projects.
- Indonesia has a broad tax-treaty network that may reduce cross-border withholding tax.
- Foreign tax credits and treaty mechanisms can mitigate international double taxation where conditions are met.
- Clear Board of Directors / Board of Commissioners governance structure.

Foreign Investment & Ownership

The Ministry of Investment/BKPM states that business activities are generally open to foreign investment, with specified activities subject to conditions or restrictions. The exact **KBLI 2025 business classification** and current investment list must be checked before incorporation because foreign-ownership limits, licensing and partnership obligations can be activity-specific.

PT PMA Capital & Investment

Do not confuse project investment value with paid-up share capital

Indonesia's foreign-investment regime imposes a **large-business investment threshold** for PT PMA projects. Current official BKPM materials refer to a minimum investment level of approximately **IDR 10 billion**, while detailed current rules can apply the threshold per KBLI/project/location and contain sector-specific exceptions. The company's authorised/subscribed/paid-up capital must be structured consistently with the current Company Law and investment rules.

Because the detailed threshold rules were updated under the 2025 licensing regime, BRIS should confirm the exact required investment and paid-up capital for the selected KBLI activity and project before filing rather than promise one universal figure for every PT PMA.

Directors & Commissioners

The Board of Directors manages and represents the company. The Board of Commissioners supervises and advises the directors. Foreign nationals can serve in corporate positions subject to Indonesian company, immigration and manpower rules; a foreign director working/residing in Indonesia may require the appropriate immigration/work authorisation.

OSS Risk-Based Licensing

Topic	Current legal / practical position
Low risk	NIB is generally the core business licence/identity.
Medium-low risk	NIB plus required standard certification/self-declaration under the risk-based framework.
Medium-high risk	NIB plus verified Standard Certificate before full operational/commercial activity as required.
High risk	NIB plus the relevant business licence/approval before operational/commercial activity.
Additional approvals	Environmental, spatial, building, product, sector, import/export and other supporting approvals may also apply.

Corporate Income Tax

Indonesia's Directorate General of Taxes confirms the general corporate income tax rate remains **22%** in 2026. Certain qualifying listed companies can obtain a rate reduction where the statutory public-shareholding conditions are met.

Foreign-Source Income

Indonesia does **not** operate a general territorial exemption for an Indonesian PT PMA merely because its customers or income are foreign. Specific rules can exclude certain foreign dividends or other foreign income where statutory reinvestment and other conditions are satisfied, but these are targeted provisions rather than a general 0% foreign-trading regime.

Withholding Tax to Non-Residents

Article 26 generally imposes **20% withholding on gross income** such as dividends, interest, royalties, rents and specified services paid to non-residents, unless an applicable tax treaty provides a lower rate and the recipient satisfies Indonesia's treaty-documentation requirements.

VAT - 2026 Position

The statutory VAT rate is **12%**. Under the current implementation rules, the effective burden for many non-luxury domestic supplies remains broadly equivalent to **11%** through the prescribed tax-base mechanism, while specified luxury goods are subject to the full 12% calculation. Exports of qualifying taxable goods/intangibles/services can be zero-rated under the VAT law.

Formation & Licensing Process

1. Confirm KBLI activity and foreign-ownership eligibility **2.** Agree shareholders/capital **3.** Reserve company name & notarial deed **4.** Ministry of Law legal-entity approval **5.** Tax registration **6.** OSS registration and NIB **7.** Risk-based Standard Certificate/licence **8.** Sector/environmental/import/work permits as required

The current OSS system operates under Government Regulation No. 28 of 2025 and Minister of Investment/BKPM Regulation No. 5 of 2025. The NIB is the company's official business identity, while additional licensing depends on the risk classification and activity.

Typical Client Documents & Information

- Passport/ID and recent address evidence for individual shareholders, directors, commissioners and UBOs.
- For corporate shareholders: certificate/extract, constitutional documents, directors and complete ownership chain.
- Proposed Indonesian company name and registered-office address.
- Selected KBLI 2025 business activities and detailed project/business description.
- Shareholding percentages, authorised/subscribed/paid-up capital and investment plan.
- Director and commissioner appointments.
- Source-of-funds/source-of-wealth and AML/KYC evidence.
- Notarial powers/resolutions and legalised/apostilled foreign corporate documents where required.
- Environmental, location, building, sector, product or professional approvals where applicable.
- Manpower and immigration information for foreign directors/employees.

Tax Registration & Annual Return

Corporate annual tax return: 4 months after year-end

The Directorate General of Taxes states that the annual Corporate Income Tax Return is due no later than **4 months after the end of the tax year**. An extension of up to 2 months may be available through the prescribed notification procedure.

Accounting & Financial Statements

A PT PMA must maintain Indonesian accounting/tax records and prepare annual financial statements. Indonesian tax filings are based on the company's books and supporting documentation. Transfer-pricing requirements can apply to related-party transactions, including transactions with foreign shareholders/group companies.

Statutory Audit

Not every small PT PMA is automatically subject to the same audit/public-filing regime. Audit requirements can arise under the Company Law and sector-specific rules, including for companies meeting specified public-interest, asset/turnover or regulated-business criteria. BRIS should confirm the current audit requirement for the actual company size and activity.

Investment Activity Reporting (LKPM)

Foreign-investment companies are subject to investment-activity supervision through the OSS/BKPM framework. PT PMA businesses should plan for periodic **LKPM investment activity reporting** according to the current reporting rules and project stage, together with any sector-specific reporting.

Annual / Ongoing Compliance Checklist

- Maintain valid NIB and all risk-based licences/Standard Certificates.
- Maintain registered office and current corporate records.
- Update shareholders, directors, commissioners and beneficial-owner information when changes occur.
- Maintain required investment/capital and document project realisation.
- Submit LKPM investment activity reports as required.
- Maintain bookkeeping and supporting tax documents.
- File annual Corporate Income Tax Return and applicable periodic tax returns.
- Pay corporate tax instalments/withholding taxes where applicable.
- Register/file VAT when the company is a taxable entrepreneur and obligations arise.
- Apply Article 26 withholding and treaty documentation to non-resident payments.
- Maintain transfer-pricing documentation where required.
- Maintain employee payroll, social security, manpower and immigration compliance.
- Renew/maintain environmental, sector, import/export and product approvals where applicable.

Why Indonesia Can Be Attractive

Topic	Current legal / practical position
Foreign ownership	Many sectors permit 100% foreign ownership, subject to activity-specific conditions.
Large market	Direct operating platform in one of Southeast Asia's largest economies.
OSS licensing	Integrated NIB and risk-based licensing through the national OSS system.
Investment incentives	Targeted tax and investment facilities can apply to qualifying projects/sectors.
Treaty network	Tax treaties can reduce withholding and double-tax exposure where conditions are met.
Operating substance	PT PMA is designed for genuine Indonesian operations, employees, premises and local contracts.
Legal personality	Limited-liability Indonesian company with formal shareholder/director/commissioner governance.
Scalability	Suitable for trading, services, manufacturing and other permitted investment projects.

How BRIS Group Supports You

Structure & ownership review - Check KBLI activity, foreign-ownership limits, local-partner/partnership conditions and appropriate PT PMA structure.

Company formation - Coordinate company name, notarial deed, Ministry of Law approval and corporate registrations with Indonesian professionals.

OSS licensing - Coordinate NIB, risk classification, Standard Certificate/business licence and supporting approvals.

Capital / investment planning - Confirm current project-investment and paid-up-capital requirements for the selected KBLI/activity.

KYC / UBO - Coordinate shareholder, director, commissioner, beneficial-owner and source-of-funds/wealth documentation.

Tax & accounting - Coordinate tax registration, bookkeeping, annual corporate return, VAT, withholding and transfer-pricing support.

LKPM / ongoing compliance - Coordinate investment-activity reporting and corporate/licence maintenance.

Banking / immigration - Prepare banking KYC/business-purpose documents and coordinate immigration/work-permit support where required.

Professional Fees & Quotations

Tailored quotation

This brochure is informational and is not a fee quotation. Indonesian notary/legal, Ministry/OSS, licensing, registered-office, tax/accounting, immigration, certification and sector-approval costs depend on the actual project. BRIS Group professional fees and third-party/government costs are quoted separately.

Important Legal & Tax Notes

Indonesia should not be marketed as a 0% offshore company jurisdiction. A PT PMA is an Indonesian resident operating company and the standard corporate income tax rate is **22%**. Foreign customers do not create a general foreign-source exemption. Tax holidays, allowances, special economic zone facilities, foreign-dividend rules and other incentives are separate targeted regimes and must be verified against the actual investment.

Official Sources Reviewed

Ministry of Investment and Downstream Industry / BKPM and OSS: current investment policy materials; OSS Risk-Based Approach portal; Government Regulation No. 28 of 2025 framework; Minister of Investment/BKPM Regulation No. 5 of 2025 governing risk-based licensing through OSS; current 2026 KBLI transition information.

Indonesian legislation / BPK legal database: current 2025 investment/licensing regulations and supporting investment legislation used to confirm the operative licensing framework.

Directorate General of Taxes: 2026 corporate income tax confirmation; annual corporate return deadlines; Article 26 non-resident withholding; VAT/HPP legislation and current VAT implementation guidance.

Correct BRIS tax positioning

The accurate message is: **Indonesia PT PMA is a substantive foreign-investment operating company, generally taxed at 22%, with targeted investment incentives rather than a blanket 0% foreign-source regime.** The exact foreign-ownership, investment and licensing conditions must be checked by KBLI activity.

Information reviewed: August 2026. Foreign ownership, minimum investment/paid-up capital, licences, tax incentives, audit, LKPM frequency and sector approvals should be reconfirmed for the client's selected KBLI and project before incorporation.

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