

**Client Alert: GR 28/2025 Enhances Risk-Based Business Licensing Framework**

**I. Introduction**

The Government of Indonesia has issued Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing ("**GR 28/2025**"), which replaces Government Regulation No. 5 of 2021 ("**GR 5/2021**"). This new regulation underscores the government's continued commitment to promoting ease of doing business while strengthening legal certainty for business actors. Through enhancements to the Online Single Submission – Risk-Based Approach ("**OSS-RBA**") system, GR 28/2025 clarifies risk classifications, strictly limits licensing authority in line with the regulatory framework, and improves service integration and supervision mechanisms.

This regulation, which came into effect on 5 June 2025 with a transition period until 5 October 2025, is expected to provide a more streamlined, transparent, and predictable licensing process, ultimately contributing to a more competitive investment climate in Indonesia.

**II. Key Points**

**A. Expanded Sector Coverage**

GR 28/2025 broadens the scope of risk-based business licensing sectors, building upon the framework established under GR 5/2021. While the scope has been expanded, the core principles concerning licensing and risk classification remain unchanged.

Previously, GR 5/2021 covered only 16 sectors, including agriculture, trade, tourism, environmental management, forestry, and others. Under the new framework, GR 28/2025 expands the scope to 22 sectors. The newly included sectors are:

- 1) Legal Metrology;
- 2) Creative Economy;
- 3) Geospatial Information;
- 4) Cooperatives;
- 5) Investments; and
- 6) Electronic Systems and Transactions.

**B. Separation of Basic Licensing and Business Licensing**

The new regulation introduces a clear distinction between basic licensing and business licensing. This distinction is reflected in two separate phases of business establishment, as provided under Article 7 of GR 28/2025:

- 1) Starting a business; and
- 2) Operating a business.

**Starting a business includes:**

- 1) Fulfilling business legality requirements;
- 2) Meeting basic requirements, such as obtaining a location permit, spatial use approval, and environmental permit; and
- 3) Submitting the business license application.

**Operating a business consists of two stages:**

Preparation, which may include land acquisition, building construction, recruitment of employees, and compliance with OSS risk-based standards; and

Operational, covering activities such as production, distribution/marketing, and other commercial operations.

**C. Service Level Agreements and the Positive Fiction Principle**

GR 28/2025 expands the implementation of Service Level Agreements (“**SLA**”) across various types of licenses and approvals, including technical approvals, environmental approvals, as well as building approvals and Certificates of Proper Function (*Sertifikat Laik Fungsi*, SLF). All applications are now subject to maximum processing times, as determined by the relevant authority and integrated into the OSS system. These deadlines are legally binding and form the basis for the application of the positive fiction principle (*fiktif positif*) – a principle whereby, if the competent authority fails to issue a decision within the stipulated time, the application is deemed approved by law.

**Examples include:**

**1) Environmental Licensing**

GR 28/2025 imposes specific time limits for technical approvals: a maximum of 30 (thirty) working days for wastewater and emission quality standards assessments, and 16 (sixteen) working days for hazardous waste (B3) management assessments. If these deadlines are exceeded after the application has been declared complete and correct, the business operator may proceed to apply for environmental approval by attaching proof of submission of the technical approval application, without waiting for the approval itself.

**2) Conformity of Spatial Utilization Activities**

If a business operator applies for a technical recommendation as a prerequisite for obtaining the Conformity of Spatial Utilization Activities (*Kesesuaian Kegiatan Pemanfaatan Ruang*, “**KKPR**”), and the competent authority fails to issue it within 20 (twenty) working days, the KKPR will still be issued without the technical recommendation.

Licenses granted under the positive fiction principle remain subject to post-issuance review. Articles 244 and 245 of GR 28/2025 authorize the Indonesian Investment Coordination Board (*Badan Koordinasi Penanaman Modal*, BKPM) and relevant authorities to conduct post-licensing audits to verify the completeness and accuracy of

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documents. Where false information is found or material requirements are unmet, the license may be revoked.

**D. Accelerated Licensing in Designated Strategic Areas**

Article 232 of GR 28/2025 introduces accelerated licensing processes in several designated strategic economic zones, including:

- 1) Special Economic Zones (*Kawasan Ekonomi Khusus*, KEK);
- 2) Free Trade Zones (*Kawasan Perdagangan Bebas dan Pelabuhan Bebas*, KPBPB);
- 3) Industrial Zones (*Kawasan Industri*); and/or
- 4) National Strategic Projects (*Proyek Strategis Nasional*).

In these areas, verification of certain documentary requirements may be deferred to the post-licensing stage, subject to audit. Relevant authorities may issue both Business Licenses and Supporting Business Licenses (*Perizinan Berusaha untuk Menunjang Kegiatan Usaha*, PB-UMKU) directly through OSS.

This mechanism is intended to expedite approvals for investors operating in government-prioritized zones.

**E. Streamlining of Environmental Approval Procedures**

GR 28/2025 introduces major reforms by fully integrating environmental approval procedures into OSS. Key changes include:

**1) Screening Process**

Business operators must now conduct a self-assessment (screening) to determine the required environmental documents and technical approvals via the environmental information system and/or traffic information system.

If screening indicates potential impacts on air, water, soil, or traffic, technical approvals must be obtained. If not, they are unnecessary.

Where multiple Indonesian Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia*, KBLI) codes are used within an integrated business ecosystem, the environmental approval must comply with the highest-level requirement applicable.

**2) Submission and Issuance**

Articles 78(4) and (5) of GR 28/2025 stipulate that environmental approval applications are now submitted and issued via OSS.

This significantly simplifies the process. Under the previous regime (Government Regulation No. 22 of 2021 on the Implementation of Environmental Protection), applications had to be submitted directly to the Minister of Environment, Governor, or Regent/Mayor. Now, applications can be handled entirely online.

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Applicants are no longer required to publish notices in media or prepare announcement reports. Instead, they must involve directly affected communities during the substantive assessment stage.

### F. Transition to the New OSS Regulation and Data Update Requirements

Article 551(a) of GR 28/2025 requires the OSS Agency to update the system no later than 5 October 2025. The current system remains operational during the transition, and applications in process will continue under GR 5/2021 provided documents are complete.

Once the updated system is launched, existing OSS users must manually update their account data under Article 548, including re-uploading licensing documents, adjusting classifications, and completing additional profile information. While no explicit deadline is set, delays may disrupt submission of Investment Activity Reports (*Laporan Kegiatan Penanaman Modal*, LKPM).

### G. Implications for Business Operators

Companies still in the process of fulfilling licensing requirements or undergoing verification under the OSS-RBA system will remain under GR 5/2021 until full integration of GR 28/2025 by 5 October 2025. During this transition, discrepancies or delays may occur. Businesses should monitor system updates and maintain communication with authorities to avoid disruptions.

For new business operators, GR 28/2025 provides greater legal certainty, clearer stages of establishment and operation, and more measurable timelines. The positive fiction principle ensures licenses may still be granted if authorities miss deadlines. Expanded sectoral coverage also creates new opportunities for investors, supported by a more predictable regulatory environment.

## II. Conclusion

GR 28/2025 introduces significant changes to Indonesia's risk-based business licensing system, effective 5 June 2025 with a transition period until 5 October 2025. Key updates include expanded sector coverage, separation of basic and business licensing, accelerated licensing in strategic areas, simplified environmental approvals, and binding SLAs with application of the positive fiction principle. Collectively, these measures aim to streamline processes and enhance legal certainty for investors and businesses.

During the transition, businesses should monitor system updates and sectoral integration, as ongoing applications may face adjustments. Existing OSS users must manually update their account data to comply with the new framework. To minimize disruptions and benefit from the more transparent licensing environment under GR 28/2025, business operators are advised to ensure timely compliance and maintain active engagement with the authorities.

## Further Information and Assistance

For more detailed advice or assistance, please contact our team of Indonesian qualified counsels or our Co-managing Partner, Naufal Fileindi, at the following details:



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