Corporate Secretarial Newsletter

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Two Major Compliance Reforms – Understanding Indonesia's New Annual Filing Compliance and the Implementation of a New Business Classification Code

A Convergence of Two Reforms

In the space of a single week in December 2025, Indonesia's regulatory architecture for corporate compliance shifted on two separate fronts. On 17 December 2025, the Ministry of Law and Human Rights enacted Regulation No. 49 of 2025 (Permenkum 49/2025), which changes how the Annual General Meeting of Shareholders (GMS) approval of the Annual Report is conducted, which is now treated as a state-monitored filing obligation rather than an internal corporate formality. On 18 December 2025, Central Bureau of Statistics Indonesia (BPS) promulgated Regulation No. 7 of 2025, retiring KBLI 2020 in favor of KBLI 2025, the classification system that serves as the main reference for every business compliance matter, including NIB, licenses, and the relevant investment commitments.

Individually, each reform is a procedural update. Together, they tighten Indonesia's two principal systems of corporate record, Sistem Administrasi Badan Usaha (SABH) for legal entity status and Online Single Submission (OSS) for licensing and business classification. This is a structural change in how the government verifies their subjects.

Reform One – The Annual GMS and Annual Report Filing

What Changed?

Under the Indonesian Company Law (Articles 66–67), the Board of Directors has always been obligated to prepare an Annual Report for shareholders' approval. What the new Permenkum 49/2025 now brings to the table is the consequence of that approval. Previously, GMS minutes related to approving the Annual Report were treated as internal documents without strict compliance follow-up, where the authorities had no immediate visibility into them. Article 16 of Permenkum 49/2025 now requires that approval to be:

1. Presented to the GMS no later than six months after the close of the financial year;
2. Recorded in a notarial deed; and
3. Submitted, together with the deed and Annual Report, as a set through SABH within 30 calendar days of the deed being signed.

For a company with a 31 December financial year-end, this produces a hard calendar: GMS and approval by 30 June, prompt notarization, and SABH filing within 30 days of the deed date. The filing must include financial statements, a detailed elaboration of company activities, results and issues, manpower structures, corporate social responsibility activities, and Board of Directors/ Board of Commissioners remuneration disclosures.

For companies that are not subject to a statutory audit requirement, the financial statements shall nevertheless be duly prepared as an integrated part of the company's Annual Report. While the Ministry of Law and Human Rights has not yet issued firm guidelines on how the Annual Report and the financial statements should be structured, a conservative approach would be to ensure they are properly prepared and presented, complete with notes and signature approving and acknowledging from the Board of Directors and the Board of Commissioners.

Exposure

The sanction structure is staged but unforgiving once triggered: a written warning will be issued first via SABH or e-mail once the filing deadline has passed. Business players will be provided with a 30-day period to act on the warning letter, and if unremedied within 30 days, SABH access will be blocked outright, which that will result in the following:

- A blocked SABH account prevents the company from processing director or commissioner changes;
- It cannot register share transfers or capital structure amendments;
- It cannot file articles of association amendments including, notably, any KBLI 2025 amendment that requires a notarial deed;
- In persistent non-compliance situations, the regulation contemplates escalation toward revocation of legal entity status.

Administrative sanctions will become effective in November 2026, giving companies a narrow window to regularize historical gaps before enforcement begins. However, this should not be a reason for delay considering the past track record of new government system implementations, companies may expect filing complications after July 2026 rather than later.

Reform Two – Adjustment of KBLI from 2020 to 2025

KBLI (Klasifikasi Baku Lapangan Usaha Indonesia) is the classification code that determines what a company is allowed to do in Indonesia, what risk tier it sits in under the Risk-Based Business Licensing framework, and how investment commitments and realization are measured within the OSS system. Indonesia's Central Bureau of Statistics (Badan Pusat Statistik – "BPS") Regulation No. 7 of 2025 replaces the 21 category KBLI 2020 structure with a 22 category KBLI 2025 structure.

Article 5 of the regulation gives existing KBLI users six months from promulgation, meaning the change took effect on 18 June 2026. As that date already passed, companies should now review their OSS account, to determine whether any notable changes or annotations have occurred within the system.

Three Conversion Scenarios

A Joint Circular Letter issued on 25 March 2026 by the Ministry of Investment and Downstream Industry/BKPM, the Ministry of Law and Human Rights, and BPS clarified how the migration is mechanically handled, distinguishing three outcomes:

1. One-to-one
   Where an old code is renamed or renumbered with no change in substance. The OSS and Administrasi Hukum Umum (AHU) systems update this automatically; no articles of association amendment or notary involvement is required.

2. Many-to-one
   Where several old codes consolidate into a single new code. The treatment is the same as one-to-one, and this will also be updated automatically by the OSS and AHU systems.
3. One-to-many
   Where a single old code splits into multiple narrower codes. This is the scenario where the real exposure lies, particularly for PT PMA, because investment thresholds under PP 28/2025 apply per KBLI code and per business location. A split code may mean the minimum capital requirement that was satisfied under one code must now be demonstrated separately against each resulting code. This scenario will also require a more complicated process, potentially including amendments to the company's articles of association.

Exposure

With the effective implementation of the changes, the following risk exposure may be expected in the coming months:

- NIB and OSS profiles that omit KBLI 2025 risk being treated as inconsistent with the licenses they support;
- Activity reports (LKPM) filed under old codes face rejection risk, with potential downstream scrutiny from BKPM;
- Licenses tied to codes that are split may no longer match the company's registered scope, exposing it to potential regulatory scrutiny;
- A one-to-many split will require an amendment of the articles of association, which depends on maintaining functional SABH access.

Importantly, existing licenses issued before the KBLI 2025 transition remain valid. BPS and the Joint Circular Letter have both confirmed there is no blanket re licensing requirement. The exposure is concentrated specifically on companies whose codes fall into the one to many category, or whose actual business activity has already drifted from their registered activity.

The content of this newsletter is for the purpose of general guidance on matters of interest and is not meant as advice. The implementation and impact of laws/regulations can vary widely based on the specific facts involved. Readers are advised to consult their advisors before making any business decisions.

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