

## **CHAPTER II**

### **GENERAL OVERVIEW**

#### **2.1 General Overview of Online Single Submission (OSS)**

OSS is an online-based service that enables citizens to access business licenses. OSS, or Online Single Submission, is an integrated system developed by the OSS Institution under the Ministry of Investment/Investment Coordinating Board (BPKM) to facilitate business actors in managing business permits. This system can be accessed through the official website, <https://oss.go.id/> . The OSS Indonesia system is a hyperlink from the Department of Investment and One-Stop Integrated Services (DPMPTSP) that runs the system regionally based.

By using OSS, business actors can easily apply for various types of business permits, ranging from micro and small business permits to obtaining a NIB quickly and efficiently. The licensing application process through OSS is designed to minimize time and costs so that business actors can focus on developing their businesses.

In addition to providing licensing application services, the OSS site also offers various information and resources that are useful for business actors. In it, users can find information about risk-based licensing, a complete guide to the licensing process, and interactive video tutorials that help facilitate understanding of the OSS system.

With OSS, the government hopes to improve the investment climate and ease of doing business in Indonesia. This system is also expected to encourage the growth of the MSME sector, which is the backbone of the national economy. Through OSS,

the government wants to provide support and convenience for business actors in starting, developing, and running their businesses more effectively and efficiently.

Indonesian OSS regulations include several essential regulations aimed at simplifying the needed licensing procedure. The regulation of OSS in Indonesia is a significant step in the reform of the licensing system, with the goal of simplifying and expediting the process of applying for business licenses. The OSS system was established under Government Regulation No. 24 of 2018, which went into force on June 21, 2018. This rule is intended to consolidate licensing services electronically, allowing business actors to process permits without having to go through multiple ministries or organizations independently. It can be said that Government Regulation No. 24 of 2018 is the pillar to which OSS regulation goes well. There are other supporting regulation that helps the continuous system of OSS, such as:

1. Government Regulation No. 5 of 2021

This regulation concerns the Implementation of Risk-Based Business Licensing as part of the Omnibus Law (*Undang—Undang Cipta Kerja*). It focuses on implementing a risk-based approach in business licensing, where each type of business is grouped into a different risk category, thus affecting the type of permit required.

2. Law No. 11 of 2020 about *Cipta Kerja*.

This regulation promotes the simplification and integration of licensing processes to attract investment and provide a legal framework for the development of OSS and risk-based licensing.

3. BKPM Regulation No. 3 of 2021 about Integrated Electronic Risk-Based Business Licensing System.

This regulation's objective is to control the use of information technology in the application of OSS for business licensing. It provides instruction for ministries, institutions, and regional governments on how to use the OSS system to make the licensing process more efficient and integrated. BKPM, as an OSS institution, developed and manages the overall OSS system that is currently being used.

4. BKPM Regulation No. 4 of 2021 about Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities.

This regulation focuses on establishing rules and procedures for risk-based business licensing services in the OSS system. This regulation is one of the keys to providing integrated services for the issuing of business licenses based on a risk-based strategy, with the purpose of accelerating the licensing process and improving the investment climate in Indonesia.

### **2.1.1 Information contained in the OSS website**

As a government-managed public service platform, the OSS website provides a variety of complete information related to business licensing services. There are several informative menus that can be accessed through the OSS website, including:

## **1. Home**

On the home menu, the OSS website provides several menus, namely

- a. OSS Guide,
- b. Submit Micro and Small Businesses,
- c. Submit Medium and Large Businesses,
- d. Video Tutorial,
- e. Announcements,
- f. News,
- g. Links,
- h. Public Complaints,
- i. License Finder,
- j. LAPOR!,
- k. NIB Search,
- l. FAQ.

## **2. Information**

In the information menu section, the OSS website provides several menus, namely:

- a. Classification of Indonesian Business Field Books (KBLI) 2020.
- b. Business Licensing to Support Business Activities (PB UMKU).
- c. Basic Requirements for Investment Business Fields (BUPM).
- d. Information on the Location of Business Facility Shares.

- e. Supervision Mechanism, Investment Activity Report (LKPM),.
- f. Public Complaints, Frequently Asked Questions (FAQ).
- g. Announcements,
- h. News, and
- i. Videos.

### **3. Regulation**

In the regulation menu, the OSS website provides all regulations that are the basis for the licensing services provided by OSS. In this menu, the section of regulation is divided based on all regulations, regulations based on investment stages, regulations based on type, regulations based on sector, and regulations based on year of issue.

### **4. OSS System Committee**

Based on the Regulation of The Investment Coordinating Board of The Republic Of Indonesia Number 3 of 2021 About the Integrated Electronic Risk-Based Business Licensing System, the Responsible person of the OSS system is stated in Chapter 9, Article 29, which states:

In the implementation of Risk-Based Business Licensing through the OSS System, the Head of BKPM is assisted by:

- a. Deputy for Investment Services;
- b. Deputy for Investment Implementation Control; and
- c. Principal Secretary.

## **5. Guidance**

In the guide menu, there is guidance regarding each business permit and investment served through OSS. The guide includes:

- a. Micro and Small Business (UMK),
- b. Non Micro and Small Business (Non-UMK),
- c. Local Government,
- d. Ministries and Institutions,
- e. KEK Administrator/KPPBPB Business Entity,
- f. Ministry of Investment/BPKM and DPMPTSP, and
- g. Indonesian Capital City (IKN).

### **2.1.2 Steps to create an account in the OSS system**

1. Open the main page of the OSS Indonesia webpage or the OSS Indonesia application;
2. Select the list, and select the appropriate business scale (UMK or non-UMK);
3. Verify data (Type of Business Actor, Population Identification Number, and Mobile Number);
4. Enter the verification code sent to WhatsApp or to E-mail;
5. Complete the form (name of person or business entity) and create a new password;

6. Complete business actor data.
  - a. Individual (Population Identification Number, gender, date of birth, address)
  - b. Business Entity (Taxpayer Identity (NPWP) of Business Entity, last Certificate of Approval number, Population Identification Number, full name, gender, and date of birth, address).
7. Registration successful, check e-mail to find out username and password.
8. The account is ready to use.

### **2.1.3 Licensing Procedures Publication at OSS**

The OSS system procedure is a clear procedure that is easy to understand for business owners to request business permits or licenses. The flow of issuing business permits through OSS can be seen as:

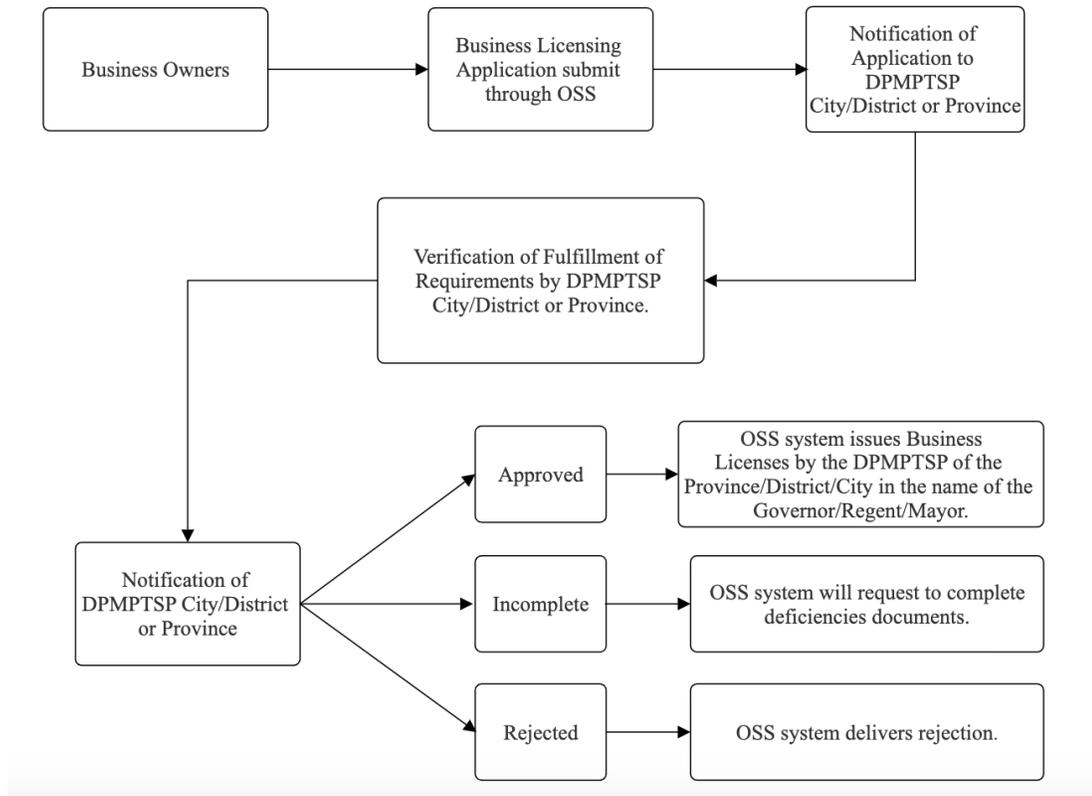


Figure 2. 1 Procedure Publication in OSS

Source: <https://oss.go.id/>

The flow of OSS-based licensing issuance through several steps, starting with:

- a. Business owners who have already signed for the OSS Indonesia account need to meet the requirements needed have to submit the data to the OSS system,
- b. Select the activities to be raised or submitted such as Building Construction Approval (PBG) and Certificate of Functional Suitability

(SLF), Environmental Approval, Marine Space Utilization Activities, and Marine Space Utilization Activities,

- c. OSS system will immediately send a notification to the City or Provincial Investment and Integrated One-Stop Service Office (DPMPTSP),
- d. The documents sent will then be verified for fulfilment of requirements by DPMPTSP in the City or Provincial area before finally being given a notification by the regional apparatus stating that the submitted application is approved, incomplete or rejected.
- e. If the business owner's request is approved, the OSS system will provide a license by DMPTSP on behalf of the Mayor/Regent or Governor.
- f. If incomplete, the OSS system will submit data completion before finally providing the license or permit submitted by the business owners.
- g. And if rejected, the OSS system will convey the rejection and business owners can re-submit the business license request in accordance with the existing terms and conditions.

## **2.2 City or Provincial Investment and Integrated One-Stop Service Office (DPMPTSP)**

The Investment and One-Stop Integrated Services Agency is a government agency that has strategic role in facilitating and encouraging investment and providing

integrated services to business owners and investors. The Investment and One-Stop Integrated Agency is linked to the OSS Indonesia system in a much smaller environment such as in Provincial and City.

The pillar of this agency or department is stated in the Regulation of The Minister of Home Affairs of The Republic Indonesia Number 138 of 2017 about The Implementation of Regional One-Door Integrated Services and the Presidential Regulation Number 97 of 2014 concerning the Implementation of One-Stop Integrated Services. The differences between the two pillar regulation comes within the area of spoken, whilst the Regulation of The Minister of Home Affairs of The Republic Indonesia Number 138 of 2017 about The Implementation of Regional One-Door Integrated Services is based more towards the regional implementation, whereas the Presidential Regulation Number 97 of 2014 about the Implementation of One-Stop Integrated Services is the beginning of the One-Stop Integrated Services and the President's appeal for implementation to the regions.

### **2.3 Micro, Small, and Medium Enterprises**

In Government Regulation Number 7 of 2021, considering The Facilities, Protection, and Empowerment of Cooperatives and MSMEs. This regulation regulates the protection, convenience, and empowerment of micro and small businesses. In this regulation, the classification of MSMEs is determined based on business capital and annual sales results. According to Government Regulation Number 7 of 2021, the definition and criteria of MSMEs includes:

### **1. Micro Enterprises**

Micro Enterprises are businesses owned by individuals or institutions that have a maximum business capital of one billion rupiah but do not include land and business buildings. The criteria for annual sales results is to have a maximum annual sales of two billion rupiah.

### **2. Small Enterprises**

An economic business that is run and formed independently and is not a branch of another business owned by large enterprises or medium enterprises is called a small enterprise. Small Enterprises have annual capital exceeding two billion rupiah and a maximum of fifteen billion rupiah.

### **3. Medium Enterprises**

Medium enterprises are independent, profitable businesses run by people or organizations that are not divisions or branches of larger, privately held firms or that are either directly or indirectly affiliated with small or large businesses.

## **2.4 Large Enterprises**

Large enterprises are characterized as economically productive organizations run by business entities that possess net assets or annual sales exceeding those of Medium Enterprises, as outlined in Article 1 of Law Number 20 of 2008 regarding Micro, Small, and Medium Enterprises. This category encompasses joint ventures, state-owned or privately owned national companies, as well as foreign enterprises engaged in economic activities within Indonesia.