

## ESTABLISHING A REPRESENTATIVE OFFICE IN INDONESIA

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As a country with 250 million people lives in, Indonesia is a great market for foreign companies to promote and sell their products and services. Regarding most of people are middle class majority at productive ages, entering the market comprehensively by establishing the production base in Indonesia is strongly suggested if the foreign companies would take the opportunity to enlarge their market.

In other case, some potential investors, for example a start-up business with limited resources, need to explore the market first. They want to conduct limited activities, for example market research and testing, negotiating with local companies, distributing products or services through local distributors, and promoting products or services without doing direct business activities and profit generation. For conducting those limited activities, instead of establishing a foreign investment company that require certain minimum capital to be invested directly, foreign investors can establish a representative office (RO) in Indonesia first as an alternative way.

### Type of Representative Office in Indonesia

Indonesia has two main types of representative office, those are:

- Trade Representative Office  
It is the most common type of representative office. It is controlled under Ministry of Trade. However, the range of activities that may be conducted by such a representative office is quite narrow. In particular, it may not undertake trading activities, own production facilities or undertake operational business activities and, therefore, cannot accept orders, participate in tenders, sign contracts or engage in the import, export or distribution of goods. The types of activities that may be conducted by such a representative office include marketing, promotional activities and information gathering for the foreign company.
- Construction Representative Office  
It is established for specific purposes of entering into a joint operation agreement with an Indonesian entity to engage in construction and/or construction consulting services. It is controlled under Ministry of Public Works.

This article explains about trade representative office, and it will be mentioned simply as “representative office”.

### The Guide to Establish a Representative Office

#### Step 1 – Registration

To successfully register as an RO in Indonesia, the following information and documentation must be prepared.

1. RO application form, Letter of Intent, and Letter of Statement.
2. Letter of Appointment from principal company.
3. Letter of Reference from Indonesia Embassy Representative in the principal country.
4. RO work plan
5. Statement letter of labor companion from Ministry of Manpower.
6. Foreign Worker Employment License, if RO employ a foreign employee.

#### Step 2- Staffing

RO require employing at least one employee as RO head. The RO head must submit curriculum vitae, education certificate, and valid ID card when submitting RO registration. If RO Head is a foreign employee, the minimum education is bachelor with three years working experiences in the similar field. Please also remind if RO hire a foreign employee, RO also must hire minimum three local employees as experts or administration staffs; proven by employment contract, copy of identification card, and salary slip.

## Compliance

Similar to limited liability Company, RO is also subject to compliance requirements, even though it is assumed not engaged in any direct business activity that would generate profit. The RO compliance includes:

- Submit RO activities report (if it propose RO license extension)
- Submit monthly tax filing
- Submit monthly social security report

## Further Support from Winnindo Business Consult

Successful investment strategy in Indonesia continues to require careful procedures. All firms considering investment within this country should be sure to conduct a careful review of their opportunities and maintain clear a understanding of regulatory responsibilities. In the event that questions arise, relevant government officials or professional services should be contacted to ensure compliance.

RO establishment can prove a complex and challenging procedure, even Indonesia nowadays is modernizing its economy policies to be investor friendly. With experience of helping companies set up business operations in the region, the specialists at Winnindo Business Consult are well placed to help companies overcome these challenges. For more information, please get in touch with our specialists at [info@winnindo.com](mailto:info@winnindo.com).



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Winnindo Business Consult (WBC) was established in Jakarta on year 2002. It is the one of the leading local professional consulting firm, which has all the resources to provide a top-quality service. We offer our professional expertise and in-depth knowledge accounting taxation and all related management fields. WBC joined The Leading Edge of Alliance (LEA) on year 2012.

In the beginning of 2013, WBC established the Korean Desk which is dedicated to serve and cooperate with Korean companies that operating in Indonesia. WBC is the first accounting firm (non-big 4 accounting firms) that has a dedicated Korean CPA as Technical Advisors. Korean Desk is established in collaboration with Yeil Accounting Corp, a high-reputable accounting firm and LEA international affiliation in Korea.

In 2014, WBC was appointed as a member of Dezan Shira & Associates (DSA), a specialist foreign direct investment practice with a pan-Asian presence. DSA has grown to be one of Asia's most versatile full-service consultancies with operational office across Asia, European and American countries.

You can contact WBC office at:

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