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Getting to Know KBLI 2020: Transition from 2017 KBLI and Potential Issues.

It has been 4 (four) months since Statistics Indonesia (*Badan Pusat Statistik* — "**BPS**") issued BPS Regulation No. 2 of 2020 on Indonesian Standard Business Classifications (*Klasifikasi Baku Lapangan Usaha Indonesia* — "**KBLI**") as known as the KBLI 2020. However, the fact is that the implementation of KBLI 2020 is still not widely used in practice particularly because the government related institution is also still relying on the previous KBLI (even the OSS is still using the KBLI 2017 as the reference in their system).

Given the above issue, we aim to help our reader to get to know the KBLI 2020 by discussing some core basic questions that may arise on KBLI 2020. In this article, we will try to answer some questions, such as: (i) the applicability and the use of the KBLI 2020 and its transition; (ii) some of the new numbers which are available in KBLI 2020; and (iii) the synchronization between KBLI 2020 with other applicable laws and regulations.

1. When did the KBLI 2020 come into force and is it already in use? How will the transition from 2017 KBLI to KBLI 2020 go about?

On 24 September 2020, BPS issued BPS Regulation No. 2 of 2020 on KBLI, which came into force on its issuance date ("**KBLI 2020**"). Even though the KBLI 2020 should have been applicable since 24 September 2020, the KBLI 2020 has not yet (practically) been implemented to the business sectors in Indonesia. Moreover, it has not been yet relied on by the Online Single Submission - OSS system which still refers to the 2017 KBLI.

Legally, as the 2020 KBLI revoked BPS Regulation No. 95 of 2015 on the KBLIs, as amended by BPS Regulation No. 19 of 2017 ("**2017 KBLI**"), the 2017 KBLI should not be used anymore since the 2020 KBLI came into force. However, in practice since the 2017 is still widely used, the transition may take a while, and many are hoping that the transition would be business-friendly.

The expectation is reasonable given the history of 2017 KBLI transition whereby at the time, the Ministry of Law and Human Rights and the Coordinating Ministry for Economic Affairs issued a joint announcement requiring business actors to adjust their lines of business to the 2017 KBLI within 1 (one) year of the date of the announcement with the potential risk of the OSS freezing the company's NIB for failure to comply. Since NIB is the business' point of entry and is basically the business' identity to interact with the relevant authorities, having it frozen would be troublesome to the company's business activities. With this track record, it is logical if business actors are anxiously waiting on how the government will handle the transition to KBLI 2020.

From the socialization event of KBLI 2020, this issue was asked by many to which BPS responded (albeit passingly) that there is an agenda for BPS to cooperate with the relevant ministries to work on a bridging system which would be able to bridge the 2017 KBLI to KBLI 2020 smoothly via the system without having to require the business actors to manually adjust them. The system is supposedly able to be implemented/planted within the system of the related authority (e.g. AHU, OSS) to synchronize the KBLI 2017 and KBLI 2020 so that the business actors will not need to adjust their KBLI number manually. Nevertheless, how this will be implemented in practice, remains to be seen.

2. What are the new 5-digits KBLI numbers in the 2020 KBLI?

To keep pace with the fast-growing development of new types and variety of businesses in Indonesia, the 2020 KBLI introduces more than 200 (two hundred) new 5-digits KBLI numbers, including but not limited to the new KBLI numbers, which was not specified in details in the 2017 KBLI. Further on this, the BPS also stated that it has launched an application in the form of KBLI code search tool or a statistical standardization system, namely the SIBAKU application. This application supposedly allows its user to access it online via a website or smartphone.

As the demands of the business activities have changed due to various technologies and digitalization, causing the emergence of new types of business activities, for example, content creation activities, adjusting the KBLI is inevitably necessary for Indonesia to facilitate these new types of businesses, especially since the KBLI is not only used for statistical needs but also for business licensing and regulatory necessities.

The following are, for example, some of the new 5-digits KBLI numbers in the KBLI2020, covering the new business activities (or updating the existing business activities) which were not facilitated in the 2017 KBLI:

KBLI Number	KBLI Title	KBLI Description
74117	Design Activities for Health Product, Cosmetics, and Laboratory Equipment	This group includes industrial design activities to produce products in the Health, Cosmetic and Laboratory Equipment industry. This group includes: designs for medical, laboratory, hospital equipment and materials products; designs for prosthetic products; designs for medicinal and cosmetic products; design for beauty salon and toilet products; designs for wigs and etc.

78104	Online Job Placement Activities (Job Portal)	This group includes job seeker registration services, job vacancies and facilitation of job placement, which activities include providing job vacancies information to job seekers and providing job seeker data and competency information to employers which is carried out online by Job Portal operators operating in Indonesia and is licensed to operate by the government.
74130	Design Activities of Visual Communication / Grapic Design	This group includes the activities of providing visual communication design / graphic design services both manually and digitally, as well as static (immovable) and dynamic (mobile, interactive), on printed media, screens (devices, tv, computers, LED screens and etc.), offline, online or virtual, related to the creation of material with identification, information and persuasion functions that are implemented in brand identities, logos, advertising designs, infographics, and stationary; creating communication designs (in the form of posters, brochures, books or other printed materials) for profiles, websites, applications, social media, report materials, presentations, and other promotional material designs; packaging design (packaging), especially surface packaging design; or on three-dimensional media/environmental graphic design for exhibition/event boards, product displays, promotional boards (billboards), wayfinding, sign systems (signage), building/retail markers and so on. This group also includes the provision of lettering services, typeface design, and illustration creation.
35129	Other Electric Power Supporting Activities	This group includes other services that are directly related to the provision and utilization of electricity but are not included in the 35121 to group category. 35122, such as meter recording services, billing and trading activities for electricity credits / tokens as well as other electricity support activities.

The new KBLI numbers are expected to bring more certainty regarding the classification of business sectors in Indonesia especially with the upcoming new negative list/priority list for foreign/domestic investment in Indonesia.

3. How is the KBLI 2020 synchronized with other implementing laws and regulations?

One example we note on how the KBLI 2020 is not yet in sync with other applicable laws and regulations is in relation to the Regulation of Minister of Trade Number 64 of 2020 on the Amendment to Regulation of the Minister of Trade Number 08 of 2020 on Electronic Integrated Business Licensing Services in the Trade Sector ("**MOT Regulation 64/2020**"). In this case, the Appendix of MOT Regulation 64/2020 is heavily populated by references to 2017 KBLI to determine which KBLI numbers falls under which type of licensing. For example, the Appendix of MOT Regulation 64/2020 lists down KBLI number 35104 as business license type I (one) while KBLI number 35104 does not exist anymore in the KBLI 2020 (replaced by KBLI number 35129). This shows that, regulations such as MOT Regulation 64/2020, which was issued before the issuance of KBLI 2020 and relies on the 2017 KBLI, need to be amended/adjusted accordingly. Otherwise, they may not be reliable to be applied to the KBLI 2020 and the business actors may need to adjust them manually when KBLI 2020 takes over.

Further on this, in the KBLI 2020 socialization event, the merging of the Tax Business Field Classification (Tax *KLU*) with KBLI 2020 was also discussed as currently, there are 2 (two) different business classification used by the tax authority and the BPS to classify the business activities. As understood, the Tax KLU is also based on KBLI itself but from the 2009 KBLI (i.e the applicable Tax KLU under Director General of Taxes No. PER-17/PJ/2015 on Net Income Calculation Norms is based on the KBLI 2009 under BPS Regulation No. 57 of 2009 on KBLI). According to the representative of BPS, the BPS will voluntarily help the tax authority if they wish to merge the applicable Tax KLU with the KBLI 2020 in order to make the business classifications become one. The implementation of this remains to be seen.

The above issues that we address are some of the issues that in our point of view, needed to be discussed in order to raise more awareness on KBLI 2020 and the potential issues on its transition, as the KBLI 2020 is not only used for statistical purposes but has expanded to regulatory and licensing framework. It is also important to remember that the discussion points above require further clarity in the upcoming supporting regulations issued by the relevant stakeholders to apply the KBLI 2020 as one data and therefore pending the clarity, it would be prudent to tread cautiously and conservatively in interpreting any legal gap therein.

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