

INVESTING IN INDONESIAN DATA CENTERS

April 2026

Indonesia, Southeast Asia's largest digital economy, is seeking to position itself as a major data center hub in Southeast Asia with nearly 200 data centers currently operating in Indonesia. The rapid growth in the number of data centers operating in Indonesia has been driven by investments from global tech giants (such as Microsoft which is building a facility in Karawang, West Java) and regional operators (such as Singapore-based Digital Edge which operates a facility in Central Jakarta). We set out below information which may be of interest to foreign investors intending to establish and operate a data center in Indonesia.

Establishment of a Data Center in Indonesia

In order to establish a data center in Indonesia, foreign investors will need to establish a foreign capital investment (*penanaman modal asing* or "PMA") company. The minimum capital for a PMA company is now IDR 2,500,000,000 with a commitment to have a minimum investment value of more than IDR 10,000,000,000 (approximately US\$590,000 at the current exchange rate) excluding investment in land and buildings. It should, however, be noted that the minimum investment value of more than IDR 10,000,000,000 applies to each type of business activity to be carried out by the PMA company and to each location (see our comments below regarding the various KBLI codes which may apply to the establishment and operation of a data center in Indonesia).

Each business activity to be carried out by the PMA company is identified by an Indonesian Standard Business Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or "KBLI") code. In December 2025, the Indonesian Government issued a new KBLI to update Indonesia's business classification framework to capture new and emerging economic activities. The 2025 KBLI is expected to be implemented by June 2026.

Pursuant to the 2025 KBLI, the establishment and operation of a data center in Indonesia may fall under various KBLI codes depending on the nature of the activities carried out :-

- **KBLI 63102** (provision of computing infrastructure, hosting and related activities);
- **KBLI 63101** (data processing activities);
- **KBLI 66143** (organisation of payment system supporting activities);
- **KBLI 71109** (engineering activities and other related technical consultancy); or
- **KBLI 41019** (conventional construction of other buildings).

It will, accordingly, be necessary for foreign investors to determine the precise activities to be carried out by the PMA company in relation to the establishment and operation of the data center in order to determine the relevant KBLI code(s) which will apply and the minimum investment value which will be required.

As stated above, the 2025 KBLI is expected to be implemented by June 2026 but it should be noted that, currently, foreign investors should be permitted to own up to 100% of the shares of a PMA company which carries out hosting activities and related services, data processing activities and/or payment system supporting activities (as such activities are more fully described in the previous KBLI which was issued in 2020). However, please note that confirmation from relevant governmental officials should be obtained after the precise activities to be carried out by the PMA company have been determined.

Operation of a Data Center in Indonesia

Foreign investors intending to establish and operate a data center in Indonesia should be aware of the following requirements :-

(a) **Registration as Electronic System Operator**

A PMA company operating a data center in Indonesia with a specific electronic system must register as an Electronic System Operator (“ESO”) with the Ministry of Communication and Digital Affairs.

(b) **SNI ISO/IEC 27001 Standard**

If a PMA company operating a data center in Indonesia is an ESO which operates a strategic electronic system designated for public service, then it must comply with the SNI ISO/IEC 27001 standard by obtaining an Information Security Management System Certificate.

(c) **Data Storage**

While there are restrictions on a public ESO processing and/or storing data outside of Indonesia, these restrictions do not apply to a private ESO and, accordingly, a PMA company operating a data center in Indonesia will be able to process and/or store data outside of Indonesia.

(d) **Personal Data Protection Law**

If the activities of the data center involve the processing or storage of personal data, then the PMA company operating the data center must comply with the provisions of the Personal Data Protection Law, Law No. 27 of 2022.

(e) **Special Economic Zone**

A PMA company which establishes and operates a data center in a Special Economic Zone such as the Special Economic Zone in Nongsa, Batam may be eligible for certain fiscal and non-fiscal incentives.

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