



COPY

MAYOR OF MAGELANG CITY
CENTRAL JAVA PROVINCE

MAGELANG CITY REGIONAL REGULATION
NUMBER 1 OF 2024
CONCERNING
PROVIDING INCENTIVES AND INVESTMENT FACILITIES IN THE REGION

BY THE GRACE OF GOD ALMIGHTY

MAYOR OF MAGELANG,

- Menimbang :
- a. that the Provision of Incentives and Investment Facilities is one of the driving factors for development and increasing regional economic growth which is in line with the state's goal of advancing general welfare in accordance with the mandate of the 1945 Constitution of the Republic of Indonesia;
 - b. that the provision of investment incentives and facilities is an important aspect in building a competitive investment climate, creating attractiveness, and increasing strategic and quality investment activities in the region;
 - c. that the Regional Government does not yet have a legal basis for regulating the provision of investment incentives and facilities, so it is necessary to form a Regional Regulation on the Provision of Investment Incentives and Facilities in the Region;
 - d. that based on the considerations as referred to in letters a, b, and c, it is necessary to establish Regional Regulations concerning the Provision of Investment Incentives and Facilities in the Region;

- Remember :
- 1. Article 18 paragraph (6) of the 1945 Constitution of Republic of Indonesia;
 - 2. Law Number 17 of 1950 concerning the Establishment of Small City Areas within the Provinces of East Java, Central Java and West Java as amended by Law Number 13 of 1954 concerning Amendments to Law Number 16 and 17 of 1954 concerning the Establishment of Large Cities and Small Cities in Java;

3. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended several times, most recently by Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to become Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
4. Law Number 11 of 2023 concerning Central Java Province (State Gazette of the Republic of Indonesia 2023 Number 58, Supplement to the State Gazette of the Republic of Indonesia Number 6867);

By Mutual Agreement
REGIONAL PEOPLE'S REPRESENTATIVE COUNCIL OF MAGELANG CITY
And
MAYOR OF MAGELANG DECIDE :

Determine : REGIONAL REGULATION ON THE PROVISION OF INCENTIVES
AND INVESTMENT FACILITIES IN THE REGION.

CHAPTER I GENERAL REQUIREMENTS

Article 1

In this Regional Regulation, the following definitions apply:

1. Region is the City of Magelang.
2. The Regional Government is the Mayor as an element of the Regional Government administration which leads the implementation of government affairs which are the authority of the autonomous region.
3. The Mayor is the Mayor of Magelang.
4. Regional Apparatus is an element that assists the Mayor and the Regional People's Representative Council in carrying out government affairs that are the authority of the Regional Government.
5. The Investment and One-Stop Integrated Services Agency, hereinafter abbreviated as DPMPTSP, is a Regional Apparatus that has the task and function of organizing government affairs in the field of Investment which is the authority of the Region.
6. Provision of Incentives is fiscal policy support from the Regional Government to the Community and/or Investors to increase investment in the Region.
7. Provision of Facilities is the provision of non-fiscal facilities from the Regional Government to the Community and/or Investors to facilitate every investment activity and to increase investment in the region.

8. Capital is an asset in the form of money or other forms other than money owned by an investor that has economic value.
9. Investment is any form of capital investment activity by both domestic and foreign investors to conduct business in the territory of the Unitary State of the Republic of Indonesia.
10. The community is a person or group of people who are citizens of the Republic of Indonesia who have and/or carry out business activities in accordance with the provisions of laws and regulations.
11. Investors are individual investors or business entities that invest, which can be domestic investors and foreign investors.
12. A cooperative is a business entity whose members are individuals or cooperative legal entities, which base their activities on cooperative principles and at the same time is a people's economic movement based on the principle of family.
13. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises in accordance with the provisions of laws and regulations.
14. The Verification and Assessment Team for the Provision of Investment Incentives and Facilities, hereinafter referred to as the Verification Team, is a team formed by the Mayor to carry out the verification and assessment process in the context of the Provision of Investment Incentives and Facilities.
15. Day is a calendar day.

Article 2

The purpose of drafting this Regional Regulation is to provide a legal basis and guidelines for Regional Governments in Providing Incentives and Investment Facilitation in the Region.

Article 3

The purpose of the this Regional Regulation are :

- a. creating attractiveness and competitiveness for the community and/or investors and potential investors;
- b. increasing investment in the region;
- c. increasing employment opportunities in the region;
- d. increase regionwal economic growth; and
- e. increasing the competitiveness of the business world in the region.

Article 4

The scope of regulations in this Regional Regulation includes:

- a. Regional Government authority;
- b. criteria for granting incentives and/or facilities;
- c. forms of incentives and/or facilities;
- d. types of businesses that can be given incentives and/or facilities;
- e. procedures for granting incentives and/or facilities;

- f. time period and frequency of providing incentives and/or facilities;
- g. reporting and evaluation;
- h. coaching and supervision; And
- i. funding.

CHAPTER II LOCAL GOVERNMENT AUTHORITY

Article 5

- (1) The Regional Government may provide incentives and/or investment facilities in the Region to the Community and/or Investors in accordance with its authority.
- (2) Investors who are given incentives and/or facilities as referred to in paragraph (1) consist of:
 - a. New investors in the region; and
 - b. Old investors in the region.
- (3) The provision of incentives and/or investment facilities as referred to in paragraph (1) and paragraph (2) is implemented in accordance with the financial capabilities of the region.

Article 6

- (1) Every member of the community and/or prospective investor who wants to start a business in the region will be given investment facilities.
- (2) Investment facilities as referred to in paragraph (1) are provided in accordance with Regional Government policies and statutory provisions.

Article 7

The Regional Government provides incentives and/or investment facilities in the Region as referred to in Article 5 and Article 6 based on the general plan for regional investment or the results of studies that take into account the potential of the Region and added value in the Region.

CHAPTER III CRITERIA FOR PROVIDING INCENTIVES AND/OR FACILITIES

Article 8

- (1) The provision of incentives and/or facilities as referred to in Article 5 and Article 6 is given to the community and/or investors who meet the following criteria:
 - a. contribute to increasing community income;
 - b. absorb labor;
 - c. using mostly local resources;
 - d. contribute to improving public services;
 - e. contribute to increasing regional gross domestic product;
 - f. environmentally aware and sustainable;
 - g. infrastructure development;
 - h. carrying out technology transfer;
 - i. conducting pioneering industry;

- j. carrying out research, development and innovation activities;
 - k. partnering with micro, small or cooperative businesses;
 - l. industries that use capital goods, machinery, or equipment produced domestically;
 - m. carry out business activities in accordance with national and/ or regional priority programs; and/or
 - n. export-oriented.
- (2) Further provisions regarding the criteria for the Granting of Incentives and/or Investment Facilitation as referred to in paragraph (1) are regulated in the Mayor's Regulation.

CHAPTER IV FORMS OF INCENTIVES AND/OR FACILITIES

Article 9

- (1) Incentives can take the form of:
- a. reduction, relief, or exemption from Regional Taxes;
 - b. reduction, relief, or exemption from Regional Fees;
 - c. provision of capital assistance to Micro, Small, and/or Cooperative Enterprises in the Region;
 - d. assistance for research and development for Micro, Small, and/or Cooperative Enterprises in the Region;
 - e. assistance with vocational training facilities for Micro, Small, and/or Cooperative Enterprises in the Region; and/or
 - f. low interest rates on loans.
- (2) The provision of facilities can take the form of:
- a. provision of data and information on investment opportunities;
 - b. provision of facilities and infrastructure;
 - c. facilitating the provision of land or location;
 - d. provision of technical assistance;
 - e. simplification and acceleration of licensing through one-stop integrated services;
 - f. ease of access to marketing of production results;
 - g. facilitation of direct construction investment;
 - h. Investment facilities in strategic areas stipulated in laws and regulations that have the potential for regional development;
 - i. providing comfort and security when investing in the Region;
 - j. ease of certification and standardization processes in accordance with statutory regulations;
 - k. easy access to ready-to-use and skilled labor;
 - l. ease of access to raw material supplies; and/or
 - m. facilitating promotions in accordance with regional authority.
- (3) The provision of incentives as referred to in paragraph (1) shall be implemented in accordance with the capabilities of the region and statutory regulations.

Article 10

The Regional Government may provide more than 1 (one) form of incentive and/or convenience as referred to in Article 9 to the Community and/or Investors in the Region.

Article 11

Further provisions regarding the form of incentives and/or investment facilities as referred to in Article 9 and Article 10 are regulated in the Mayor's Regulation.

CHAPTER V TYPES OF BUSINESSES THAT CAN BE GIVEN INCENTIVES AND/OR FACILITIES

Article 12

- (1) Regional Governments may prioritize the provision of incentives and/or investment facilities for certain types of businesses or certain activities.
- (2) Certain types of business or certain activities as referred to in paragraph (1) include:
 - a. Micro, Small, and/or Cooperative Enterprises;
 - b. business that requires partnership;
 - c. businesses that require capital ownership;
 - d. businesses that require a specific location;
 - e. businesses that require special permits;
 - f. open businesses within the framework of investment that prioritize regional excellence;
 - g. businesses that have received investment facilities from the Central Government; and/or
 - h. other businesses in accordance with the provisions of laws and regulations.
- (3) The types of business as referred to in paragraph (2) include the following sectors:
 - a. maritime affairs and fisheries;
 - b. agriculture;
 - c. environment and forestry;
 - d. energy and mineral resources;
 - e. nuclear energy;
 - f. industry;
 - g. trade;
 - h. public works and public housing;
 - i. transportation;
 - j. health, medicine, and food;
 - k. education and culture;
 - l. tourism;
 - m. religious;
 - n. postal, telecommunications, broadcasting, and electronic transaction systems;
 - o. defense and security; and
 - p. employment.
- (4) Further provisions regarding the types of businesses that can be given incentives and/or investment facilities as referred to in paragraphs (1) to (3) are regulated in the Mayor's Regulation.

CHAPTER VI
PROCEDURES FOR PROVIDING INCENTIVES
AND/OR CONVENIENCES

Part One
General

Article 13

- (1) Applications for investment incentives and/or facilities are submitted in writing by the company leader or his/her proxy to the Mayor via the Head of DPMPTSP.
- (2) Further provisions regarding the procedures for applying for incentives and/or investment facilities as referred to in paragraph (1) are regulated in the Mayor's Regulation.

Part Two
Verification Team

Article 14

- (1) In implementing the Provision of Incentives and/or Investment Facilitation, the Mayor forms a Verification Team.
- (2) The Verification Team as referred to in paragraph (1) is coordinated by the Head of DPMPTSP.
- (3) The Verification Team as referred to in paragraph (2) is responsible for the accuracy of the administrative requirements and assessments in the Provision of Incentives and/or Investment Facilitation.
- (4) The formation and composition of the Verification Team membership as referred to in paragraph (1) is determined by the Mayor's Decree.

Part Three
Basis of Assessment

Article 15

- (1) The Mayor, through the Verification Team as referred to in Article 14, verifies the applicant's proposal and carries out an assessment of the criteria as referred to in Article 8.
- (2) The Verification Team in carrying out the assessment of the Provision of Incentives and/or Investment Facilities is determined based on the criteria that are met.
- (3) The assessment as referred to in paragraph (2) determines the form and amount of incentives and/or investment facilities that will be provided to investors.
- (4) The provision of investment incentives and/or facilities takes into account:
 - a. Regional financial capacity to provide incentives and/or facilities;
 - b. financial performance of the Community and/or Investors;
 - c. Investment management performance; and
 - d. business prospects of the Community and/or Investors who apply for Incentives and/or Investment Facilitation.

Part Four Determination

Article 16

- (1) The Mayor determines which Investors will receive incentives and/ or investment facilities based on the recommendations of the Verification Team.
- (2) If within a period of 30 (thirty) days of submitting a request for the provision of investment incentives and/or facilities as referred to in paragraph (1) there is no reply or response, it is deemed to be approved.
- (3) The Mayor's Decree as referred to in paragraph (1) shall at least contain:
 - a. Name;
 - b. applicant's address;
 - c. business field or investment activity;
 - d. forms of incentives and/or facilities;
 - e. incentive period, and
 - f. rights and obligations of recipients of incentives and/or investment facilities.
- (4) Investors who receive incentives and/or investment facilities as referred to in paragraph (1) are determined by the Mayor's Decree.

Article 17

Further provisions regarding the procedures for Granting Incentives and/or Investment Facilitation as referred to in Article 15 and Article 16 are regulated in the Mayor's Regulation.

Part Five Rights, Obligations, and Responsibilities of Recipients of Incentives and/or Facilities

Article 18

Recipients of incentives and/or facilities are entitled to:

- a. obtain information on services for the Provision of Incentives and/ or Investment Facilities;
- b. receive investment incentives and/or facilities in accordance with mechanisms based on statutory regulations; and
- c. obtain related services, the process of providing, implementing, supervising and guiding investment in the region.

Pasal 19

- (1) Recipients of Incentives and/or Facilities are required to:
 - a. implementing the principles of good corporate governance;
 - b. implementing corporate social responsibility;
 - c. submit investment activity reports in accordance with statutory regulations; and
 - d. comply with the provisions of laws and regulations.
- (2) Every recipient of incentives and/or facilities who violates the provisions as referred to in paragraph (1) shall be subject to administrative sanctions in the form of:
 - a. written warning;

- b. can be terminated before the end of the specified period;
and/ or
 - c. not extended.
- (3) The procedures for imposing administrative sanctions as referred to in paragraph (2) are regulated in the Mayor's Regulation.

Article 20

Recipients of incentives and/or facilities are responsible for:

- a. guaranteeing the availability of capital originating from sources that do not conflict with the provisions of laws and regulations;
- b. bear and settle all obligations and losses in the event that the Community and/or Investors unilaterally stop, leave or abandon their business activities in accordance with the provisions of laws and regulations.
- c. creating a conducive business climate with healthy business competition, preventing monopolistic practices and other things that are detrimental to the state or region;
- d. maintaining environmental sustainability; and
- e. creating safety, health, comfort and welfare for workers.

CHAPTER VII PERIOD AND FREQUENCY OF PROVIDING INCENTIVES AND/OR FACILITIES

Article 21

- (1) The provision of incentives and/or investment facilities is carried out within a certain time period and frequency based on the recommendations of the Verification Team.
- (2) The time period and frequency of the provision of incentives and/ or investment facilities as referred to in paragraph (1) are determined in the Mayor's Decree.
- (3) Further provisions regarding the time period and frequency of the provision of investment incentives and/or facilities as referred to in paragraph (1) are regulated in the Mayor's Regulation.

CHAPTER VIII REPORTING AND EVALUATION

Article 22

- (1) Communities and/or investors who receive investment incentives and/or facilities must submit a report to the Regional Government at least once a year.
- (2) The report as referred to in paragraph (1) must at least contain business management/business activities.
- (3) For the Community and/or Investors who receive incentives in the form of stimulus funds or capital assistance, the report submitted as referred to in paragraph (2) is supplemented by a report on the use of incentives.

Article 23

- (1) The Mayor, through the Verification Team, carries out an evaluation of investment activities that receive incentives and facilities.
- (2) The evaluation as referred to in paragraph (1) shall be carried out at least once a year.
- (3) The provision of incentives and/or facilities may be reviewed if, based on an evaluation, it no longer meets the criteria as referred to in Article 8 and/or is in conflict with the provisions of statutory regulations.

Article 24

Based on the evaluation results as referred to in Article 23, the Provision of Investment Incentives and/or Facilities:

- a. may be terminated before the end of the specified time period; or
- b. not extended dalam hal melanggar ketentuan as referred to in Article 20.

Article 25

Further provisions regarding the procedures and format of reports as referred to in Article 22 and evaluations as referred to in Article 23 and Article 24 are regulated in the Mayor's Regulation.

CHAPTER IX GUIDANCE AND SUPERVISION

Article 26

The Mayor carries out guidance and supervision of the implementation of the Provision of Incentives and the Provision of Investment Facilities to the Community and/or Investors in accordance with the provisions of laws and regulations.

CHAPTER X FUNDING

Article 27

Funding sources for the Provision of Incentives and/or Investment Facilitation in Regions come from:

- a. Regional revenue and expenditure budget; and/or
- b. other legitimate and non-binding sources in accordance with statutory provisions.

CHAPTER XI TRANSITIONAL PROVISIONS

Article 28

When this Regional Regulation comes into effect, then:

- a. Incentives and/or investment facilities that have been provided before this Regional Regulation comes into effect, remain valid until the frequency and time period ends; and

- b. Applications for the Granting of Incentives and/or Investment Facilities that are in the submission process and have not been granted until the enactment of this Regional Regulation, shall be carried out based on the provisions in this Regional Regulation.

CHAPTER XII
CLOSING

Article 29

When this Regional Regulation comes into effect, all Regional legal products related to the Provision of Incentives and/or Investment Facilitation are declared to remain valid as long as they do not conflict with the provisions in this Regional Regulation.

Article 30

The Mayor's Regulation as the implementing regulation of this Regional Regulation shall be stipulated no later than 1 (one) year after this Regional Regulation is promulgated.

Article 31

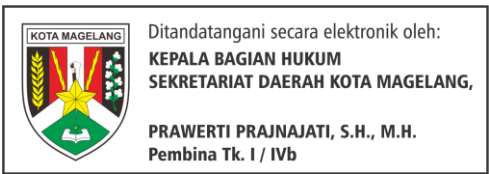
This Regional Regulation shall come into force on the date of its promulgation.

So that everyone knows, it is ordered that this Regional Regulation be promulgated by placing it in the Regional Gazette of Magelang City.

Established in Magelang
on January 9, 2024
MAGELANG CITY MAYOR,
ttd.
MUCHAMAD NUR AZIZ

Promulgated in Magelang
on January 9, 2024
REGIONAL SECRETARY OF MAGELANG CITY,
ttd.
HAMZAH KHOLIFI

MAGELANG CITY REGIONAL GAZETTE 2024 NUMBER 1
REGULATION OF MAGELANG CITY, CENTRAL JAVA PROVINCE: (1-3/2024)
Copy is true to the original,



EXPLANATION
OF
MAGELANG CITY REGIONAL REGULATION
NUMBER 1 OF 2024
CONCERNING
INVESTMENT INCENTIVES AND FACILITIES

I. GENERAL

Article 33 of the 1945 Constitution of the Republic of Indonesia is a constitutional mandate that underlies the formation of all laws and regulations in the economic sector. The Constitution mandates that national economic development must be based on democratic principles that can create the realization of Indonesian economic sovereignty. The relationship between the state's objectives and investment or capital investment is an effort to realize justice for the people. This is because investment contains a mission for regional development that is oriented towards the interests of the people. Through investment, several opportunities will open up, including the absorption of labor so that the people can obtain a decent per capita income, increased regional original income, and so forth. Several of these opportunities can be realized if the Regional Government opens access for everyone to invest in the Region.

The Regional Government is responsible in advance social welfare. One effort to realize this justice is to continue to introduce regulations that are in line with societal developments as a form of legal certainty to attract the public and/or investors, ultimately aimed at justice and prosperity for the people of the region. One concrete effort is to provide incentives and/or investment facilities for anyone who wishes to participate in regional development and economic improvement.

Saat ini Pemerintah Daerah Kota Magelang telah memiliki regulasi yang Currently, the Magelang City Regional Government has regulations governing the Provision of Investment Incentives and Facilitation through Magelang Mayor Regulation Number 9 of 2020 concerning the Provision of Investment Incentives and Facilitation. However, in order to strengthen the regulatory side, provide legal certainty, and as an effort to harmonize regulations based on the provisions in Government Regulation Number 24 of 2019 concerning Guidelines for the Provision of Investment Incentives and Facilitation in the Region, regulations regarding the Provision of Investment Incentives and/or Facilitation need to be regulated in a Regional Regulation.

The scope of the regulations in this Regional Regulation includes the authority of the Regional Government; criteria for granting Incentives and/or Facilities; forms of Incentives and/or Facilities; types of businesses that can be granted Incentives and/or Facilities; procedures for granting Incentives and/or Facilities; time period and frequency of granting Incentives and/or Facilities; reporting and evaluation; guidance and supervision; and funding.

With the birth of this Regional Regulation, a strong legal basis is created, as a guideline, and provides legal certainty for Regional Governments in providing Investment Incentives and Facilities in the Region.

II.ARTICLE BY ARTICLE

Article 1

Quite clear.

Article 2

Quite clear.

Article 3

Quite clear.

Article 4

Quite clear.

Article 5

Paragraph (1)

Quite clear.

Paragraph (2)

Letter a

What is meant by "Community and/or new investors in the region" are business actors who have had a business permit in the region for less than or up to 2 (two) years.

Letter b

What is meant by "Community and/or long-standing investors in the region" are business actors who have had a business permit in the region for more than 2 (two) years.

Paragraph (3)

Quite clear.

Paragraph (4)

Quite clear.

Article 6

Paragraph (1)

Which intended with "perpetrator business" is person individuals or business entities that carry out business and/or activities in certain fields.

Paragraph (2)

Quite clear

Article 7

Quite clear.

Article 8

Paragraph (1)

Letter a

Quite clear.

Letter b

Quite clear.

Letter c

Quite clear.

Letter d

Quite clear.

Letter e

Quite clear.

Letter f

Quite clear.

Letter g

Quite clear.

Letter h

Quite clear.

Letter i

What is meant by "pioneer industry" is an industry that has broad interconnections, provides high added value and externalities, introduces new technology, and has strategic value for the national economy.

Letter j

Quite clear.

Letter k

Quite clear.

Letter l

Quite clear.

Letter m

Quite clear.

Letter n

Quite clear.

Paragraph (2)

Quite clear.

Article 9

Paragraph (1)

Letter a

What is meant by "Regional tax" is a mandatory contribution to the Region owed by individuals or bodies which is mandatory based on the Law, without receiving direct compensation and is used for Regional needs for the greatest prosperity of the people.

Letter b

What is meant by "Regional retribution" is a Regional levy as payment for services or granting of certain permits which are specifically provided and/or granted by the Regional Government for the benefit of individuals or bodies.

Letter c

Quite clear.

Letter d

Quite clear.

Letter e

Quite clear.

Letter f

Quite clear.

Paragraph (2)

Quite clear.

Paragraph (3)

Quite clear.

Article 10

Quite clear.

Article 11

Quite clear.

Article 12

Quite clear.

Article 13

Quite clear.

Article 14

Quite clear.

Article 15
Quite clear.
Article 16
Quite clear.
Article 17
Quite clear.
Article 18
Quite clear.
Article 19
Quite clear.
Article 20
Quite clear.
Article 21
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Article 22
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Article 23
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Article 24
Quite clear.
Article 25
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Article 26
Quite clear.
Article 27
Quite clear.
Article 28
Quite clear.
Article 29
Quite clear.
Article 30
Quite clear.