

REGULATION OF THE REGENCY OF LEBAK

NUMBER 1 OF 2023

ON

PROVISION OF INCENTIVES AND/OR EASE OF INVESTMENT

BY THE BLESSINGS OF ALMIGHTY GOD

THE REGENT OF LEBAK,

- Considering :
- a. that Investment is one of the factors supporting economic growth in order to create job opportunities, improve people's welfare and increase economic growth and development in the Region;
 - b. that in order to increase Investment, it is necessary to create a conducive Investment climate and business climate through the provision of incentives and/or ease of Investment so as to encourage the participation of the community and the private sector in development in the Region;
 - c. that to implement the provision of Article 278 section (2) of Law Number 23 of 2014 on Local Governments and Article 7 section (1) of Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in Regions;
 - d. that based on the considerations as referred to in point a, point b, and point c, it is necessary to issue a Regional Regulation on Provision of Incentives and/or Ease of Investment;

- Observing :
1. Article 18 section (6) of the 1945 Constitution of the Republic of Indonesia;
 2. Law Number 14 of 1950 on Regency Government within the Province of West Java (State Bulletin of 1950) as amended by Law Number 4 of 1968 on Establishment of Purwakarta Regency and Subang Regency by Amending Law Number 14 of 1950 on Establishment of Regency Regions within the Province of West Java (State Gazette of the Republic of Indonesia of 1968 Number 31, Supplement to the State Gazette of the Republic of Indonesia Number 2851);
 3. Law Number 23 of 2000 on Establishment of Banten Province (State Gazette of the Republic of Indonesia of 2000 Number 182, Supplement to the State Gazette of the Republic of Indonesia Number 4010);
 4. Law Number 25 of 2007 on Investment (State Gazette of the Republic of Indonesia of 2007 Number 67, Supplement to the State Gazette of the Republic of Indonesia Number 4724) as amended by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
 5. Law Number 23 of 2014 on Local Governments (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 last by Law Number 1 of 2022 on Financial Relations between the Central Government and Local Governments (State Gazette of the Republic of Indonesia of 2022 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6757);
 6. Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in the Regions (State Gazette of the Republic of Indonesia of 2019 Number 63,

Supplement to the State Gazette of the Republic of Indonesia Number 6330);

7. Government Regulation Number 7 of 2021 on Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia of 2021 Number 17, Supplement to the State Gazette of the Republic of Indonesia Number 6619);
8. Regulation of the Minister of Home Affairs Number 64 of 2012 on Guidelines for Implementation of Incentives and Ease of Investment in the Regions (State Gazette of the Republic of Indonesia of 2012 Number 930);
9. Regulation of the Regency of Lebak Number 8 of 2016 on Formation and Structure of Regional Apparatus of the Regency of Lebak (Regional Gazette of the Regency of Lebak of 2016 Number 8, Supplement to the Regional Gazette of the Regency of Lebak Number 20168) as amended several times last by Regulation of the Regency of Lebak Number 9 of 2021 on Second Amendment to Regulation of the Regency of Lebak Number 8 of 2016 on Formation and Structure of Regional Apparatus of the Regency of Lebak (Regional Gazette of the Regency of Lebak of 2021 Number 9, Supplement to the Regional Gazette of the Regency of Lebak Number 20219);

With the Joint Approval of

THE REGIONAL HOUSE OF REPRESENTATIVES

and

THE REGENT OF LEBAK,

HAS DECIDED:

To issue : REGIONAL REGULATION ON PROVISION OF INCENTIVES
AND/OR EASE OF INVESTMENT.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Regency of Lebak.
2. Local Government means the Regent as an element of the Local Government administrator who leads the implementation of government affairs which are the authority of the autonomous region.
3. Regent means the Regent of Lebak.
4. Regional Apparatus means elements that assist the Regent and the Regional House of Representatives in administering government affairs which become the authority of the Region.
5. Community means 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 legislation.
6. Office means a Regional Apparatus in charge of Investment affairs.
7. Investor means an individual or business entity that does the Investment, by means of local Investors and foreign Investors.
8. Capital means an asset in the forms of money or other forms which is not money that has economic value.
9. Provision of Incentives means the support for fiscal policy from Local Government to the community and/or Investors to increase the Investment in Region.
10. Provision of Ease of Investment means provision of non-fiscal facilities from Local Government to the Community and/or Investors to give ease and to increase Investment activities in Region.
11. Local Tax, hereinafter referred to as Tax, means a mandatory contribution to the Region which is taxable by

an individual or entity that is compelling based on the Law, by not receiving direct compensation and being used for Regional needs for the greatest prosperity of the people.

12. Local Levy hereinafter referred to as Levy means a local retribution as a payment for services or granting of certain special permits provided and/or granted by the Local Government for the benefit of individuals or agency.
13. Investment means any kinds of investing activity, by both domestic and foreign Investors for running business within the territory of the Region.
14. Cooperative means a legal entity established by individuals or Cooperative legal entities, with the separation of the wealth of its members as Capital to run a business, which fulfils the aspirations of the members and common needs in the economic, social, and cultural fields in accordance with the values and principles of Cooperatives.
15. Micro Enterprise means productive business owned by individuals and/or individual business entities that meet the criteria for Micro Enterprise.
16. Verification and Assessment Team for Providing Incentives and Ease of Investment, hereinafter referred to as the Team, means Team appointed and determined by the Regent to carry out the verification and assessment process in the context of providing incentives and ease of Investment.

Article 2

- (1) This Regional Regulation is intended to realize legal certainty in the Provision of Incentives and/or Ease of Investment as an effort to attract Investors to increase Investment in the Region so as to create a conducive

business climate for strengthening economic competitiveness in the Region.

(2) This Regional Regulation aims to:

- a. increase Investment in the Region;
- b. increase economic growth and development in the Region;
- c. create job opportunities;
- d. increase the ability and competitiveness of the Region;
- e. support the improvement of people's economy; and
- f. to realize the welfare of the Community.

Article 3

Provision of Incentives and/or Ease of Investment is carried out based on the principles of:

- a. legal certainty;
- b. equality;
- c. transparency;
- d. accountability; and
- e. effective and efficient.

Article 4

The scope of this Regional Regulation includes:

- a. criteria;
- b. type of business;
- c. forms of Provision of Incentives and/or Ease of Investment;

- d. procedures for granting and the basis for assessment as well as the period and frequency of the Provision of Incentives and/or Ease of Investment; and
- e. reporting and evaluation.

CHAPTER II

CRITERIA

Article 5

- (1) The Local Government may provide Incentives and/or Ease of Investment in accordance with the capacity of the Region.
- (2) The Provision of Incentives and/or Ease of Investment as referred to in section (1) is given to the Community and/or Investors who meet the following criteria of:
 - a. giving contribution to increase the Community's income;
 - b. absorbs labour;
 - c. using mostly local resources;
 - d. giving contribution to the improvement of public services;
 - e. giving contribution to the increase of regional gross domestic product;
 - f. environmentally sound and sustainable;
 - g. infrastructure development;
 - h. doing transfer technology;
 - i. carrying out pioneer industry;
 - j. carrying out research, development, and innovation activities;
 - k. partnering with Micro Enterprises, Small Enterprises, or Cooperative;

- l. industries that use Capital goods, machines, or equipment domestically produced;
- m. doing business activities in accordance with national and/or Regional priority programs; and/or
- n. export-oriented.

CHAPTER III

TYPES OF BUSINESS

Article 6

Types of businesses that can be prioritized to get Incentive and/or Ease of Investment include.

- a. Micro Enterprises, and/or Cooperatives;
- b. business required by partnership;
- c. business required Capital ownership;
- d. business required with a certain location;
- e. business required with a special permit;
- f. business within the framework of Investment prioritizing Regional excellence;
- g. businesses that have obtained Investment facilities from the Central Government; and/or
- h. other businesses in accordance with the provision of legislation.

Article 7

Further provision regarding the types of business that obtain Incentives and/or Ease of Investment as referred to in Article 6 are regulated in a Regent Regulation.

CHAPTER IV
FORMS OF INCENTIVES AND/OR
EASE OF INVESTMENT

Article 8

- (1) The Provision of Incentives can be in the forms of:
 - a. reduction, relief, or exemption of Tax;
 - b. reduction, relief, or exemption of Levy;
 - c. provision of Capital assistance to Micro Enterprises, and/or Cooperatives;
 - d. assistance for research and development for Micro Enterprises, and/or Cooperatives in the Region;
 - e. supporting facility of training vocation on Micro Enterprises, and/or Cooperatives in the Region; and/or
 - f. low loan interest.
- (2) Further provisions regarding the forms of Incentive Provision as referred to in section (1) are regulated in a Regent Regulation.

Article 9

- (1) Provision of Ease of Investment may be in the forms of:
 - a. provision of data and information on Investment opportunities;
 - b. provision of facilities and infrastructure;
 - c. facilitation on the provision of land or location;
 - d. provision of technical assistance;
 - e. simplification and acceleration of giving permit through one-stop integrated services;
 - f. ease of access to marketing the production results;
 - g. ease of direct construction investment;

- h. ease of Investment in strategic areas stipulated in legislation that have the potential for development in the Region;
 - i. the provision of convenience and security in doing Investment in the Region;
 - j. ease of process of certification and standardization in accordance with the provisions of legislation;
 - k. ease of access to ready-use and skilled manpower;
 - l. ease of access to the supply of raw materials; and/or;
 - m. promotion facilities in accordance with authority of the Region.
- (2) Further provisions regarding the forms of provision of Ease of Investment as referred to in section (1) are regulated in a Regent Regulation.

CHAPTER V

PROCEDURES AND BASIS OF ASSESSMENT

AS WELL AS THE PERIOD AND FREQUENCY OF GRANTING INCENTIVES AND/OR EASE OF INVESTMENT

Part One

Procedures and Assessment Basis of the Provision of Incentives and/or Ease of Investment.

Article 10

- (1) Investors and/or the Community submit an application in writing to the Regent through the Office.
- (2) The application as referred to in section (1) for:
 - a. new Investors who will open a business, at least contains:

1. company profile; and
 2. the form of incentives and/or facilities requested.
- b. Investors who will expand their business, at least contain:
1. company performance;
 2. business development
 3. business scope; and
 4. the form of incentives and/or facilities requested.
- (3) Application for Provision of Incentives and/or Ease of Investment as referred to in section (1) is verified by a Team.
- (4) The elements and duties of the Team as referred to in section (3) are stipulated by a Regent Decision.

Article 11

- (1) The Regent determines the recipients of the Provision of Incentive and/or Ease of Investment based on the results of the Team's assessment and recommendations.
- (2) The recipients as referred to in section (1) are stipulated by a Regent Decision.
- (3) The Regent Decision as referred to in section (2) at least contains the name, address of the applicant, business field or Investment activity, forms of incentives and/or ease, period of incentives and rights and obligations of the recipient of incentives and/or ease of Investment.

Article 12

Further provisions regarding the procedures and basis for assessing the Provision of Incentives and/or Ease of Investment as referred to in Article 10 and Article 11 are regulated in a Regent Regulation.

Part Two

Time Period and Frequency of Provision of Incentives and/or Ease of Investment.

Article 13

- (1) Provision of Incentives and/or Ease of Investment are carried out within a certain period and frequency.
- (2) Further provisions regarding the period and frequency of the Provision of Incentives and/or Ease of Investment as referred to in section (1) are regulated in a Regent Regulation.

CHAPTER VI

REPORTING AND EVALUATION

Article 14

- (1) Investors and/or Communities who receive Incentives and/or Ease of Investment submit a report to the Regent through the Office.
- (2) The report as referred to in section (1) is submitted 1 (one) time in 1 (one) year.
- (3) The report as referred to in section (2) at least contains:
 - a. report on the utilization of Incentives and/or Ease of Investment; and
 - b. the development of the company after obtaining Incentives and/or Ease of Investment.

Article 15

The Regent submits a report on the implementation of the Provision of Incentives and/or Ease of Investment to the Governor once every 1 (one) year.

Article 16

- (1) The Regent through the Office conducts an evaluation of the effectiveness of the implementation of the Provision of Incentives and/or Ease of Investment that has been given to the Community and/or Investors.
- (2) The evaluation as referred to in section (1) is carried out once every 1 (one) year.

Article 17

Provision of Incentives and/or Ease of Investment can be reviewed if based on the evaluation, the Community and/or Investor no longer meets the criteria as referred to in Article 5 section (2) or is contrary to the provisions of Legislation.

CHAPTER VII

CLOSING PROVISION

Article 18

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

In order that every person may know hereof, it is ordered to promulgate this Regional Regulation by its Placement in the Regional Gazette of the Regency of Lebak.

Issued in Rangkasbitung

on 19 January 2023

REGENT OF LEBAK,

signed

ITI OCTAVIA JAYABAYA

Promulgated in Rangkasbitung

on 19 January 2023

REGIONAL SECRETARY OF THE REGENCY OF LEBAK

signed

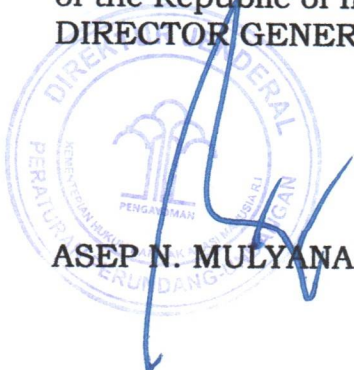
BUDI SANTOSO

REGIONAL GAZETTE OF THE REGENCY OF LEBAK OF 2023 NUMBER 1

Jakarta, 25 September 2024

Has been translated as an Official Translation
on behalf of the Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION AD INTERIM,



ASEP N. MULYANA

ELUCIDATION
OF
REGULATION OF THE REGENCY OF LEBAK
NUMBER 1 OF 2023
ON
PROVISION OF INCENTIVES AND/OR EASE

I. GENERAL

The Regency of Lebak is the largest Regency in the Province Banten with considerable natural wealth, the potential must be balanced with good management, one of which is by improving a sustainable Investment climate so as to encourage community and private sector participation in regional development and community welfare. One form of management is in the form of developing an Investment strategy, namely a policy of the provision of incentives and ease of Investment.

Regulations regarding the policy of the provision of incentives and ease of Investment are regulated in Article 278 of Law Number 23 of 2014 on Local Governments and Article 7 section (1) of Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in the Region which states that Local Government organizers can involve the role of the community and the private sector in Local development by providing incentives and/or ease to the community and/or Investors.

Based on this, the Government of the Regency of Lebak needs to issue a Regional Regulation on Provision of Incentives and/or Ease of Investment as a guideline in the implementation of the provision of incentives and ease of Investment in the Regency of Lebak.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Point a

The term "legal certainty" means the principle that places in a state of law and the provisions of legislation as the basis of the Local Government in every policy and action in the Provision of Incentives and/or Provision of Ease of Investment.

Point b

The term "equality" means the same treatment for Investors without favoring and benefiting one particular group, group, or business scale.

Point c

The term "transparency" means the openness of information in the Provision of Incentives and/or Ease of Investment to the community and/or Investors.

Point d

The term "accountability" means a form of responsibility for the Provision of Incentives and/or Ease of Investment.

Point e

The term "effective and efficient" means a rational and economical consideration and a guarantee that has an impact on increasing productivity and public services.

Article 4

Sufficiently clear.

Article 5

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term "absorbing labor" means prioritizing local labor.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point j

Sufficiently clear.

Point k

The term "micro and small enterprises" means individuals or business entities that have business criteria as referred to in the law regarding micro, small and medium enterprises.

Point l

Sufficiently clear.

Point m

Sufficiently clear.

Point n

Sufficiently clear.

Article 6

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

The term "certain locations" includes businesses located in remote areas, underdeveloped areas, border areas, and/or in certain strategic areas in accordance with the provisions of legislation.

Point e

The term "special licensing" includes businesses that require licenses from certain ministries/agencies in accordance with the provisions of legislation.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

The term "other businesses in accordance with the provisions of legislation" includes Small Enterprises, Medium Enterprises, and Large Enterprises that can obtain Ease of Investment.

"Small Enterprises" means a stand-alone productive economic business, conducted by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or a part either directly or indirectly of a Medium Enterprises or a Large Enterprises that meets the criteria of a Small Enterprises.

"Medium Enterprises" means productive economic businesses that stand-alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled by, or a part of, either directly or indirectly, a Small Enterprises or a Large Enterprises with a net worth or annual sales revenue.

"Large Enterprises " means a productive economic business conducted by a business entity with a net worth or annual sales revenue greater than that of a Medium Enterprise, which includes state-owned or private national enterprises, joint ventures, and foreign businesses conducting economic activities in Indonesia.

Article 7

Sufficiently clear.

Article 8

Section (1)

Point a

Tax reduction, relief, or exemption: among others in the forms of:

- a. adjustment of the Non-Taxable Tax Object Sales Value, Nilai Jual Objek Pajak Tidak Kena Pajak (NJOPTKP) and the Tax Object Sales Value, Nilai Jual Objek Pajak (NJOP) of land and buildings;
- b. granting reduction, relief, or exemption in certain cases on the Local tax principal and/or sanctions;
- c. the granting of reduction, relief, or exemption of Fees on Acquisition of Rights on Land and Building, Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB); and
- d. gradual payment of Local tax.

Point b

Reduction, relief, or exemption of local levies, among others, in the forms of levy for building permits for public houses for low-income people.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 9

Section (1)

Point a

Sufficiently clear.

Point b

The term "provision of facilities and infrastructure" means a form of ease of obtaining supporting facilities and infrastructure, including public infrastructure, provision of drinking water and sanitation facilities, firefighting, health services, waste management and provision of industrial and supporting infrastructure.

Point c

The term "facilitation of land or location provision" means, among others, a form of ease in processing land ownership, provision of data and information related to land and location, and mediation of dispute resolution.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point j

Sufficiently clear.

Point k

Sufficiently clear.

Point l

Sufficiently clear.

Point m

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

SUPPLEMENT TO THE REGIONAL GAZETTE OF THE REGENCY OF LEBAK
NUMBER 20231