



THE MAYOR OF MAGELANG
PROVINCES OF CENTRAL JAVA

REGIONAL REGULATION OF MAGELANG
NUMBER 3 OF 2023
ABOUT
INVESTMENT

WITH THE ALMIGHTY GOD'S GRACE

THE MAYOR OF MAGELANG

- Considering : a. That regional economic development based on the principles of economic democracy is carried out to create a just and prosperous society based on Pancasila and the 1945 Constitution of the Republic of Indonesia;
- b. That the implementation of investment in the City of Magelang is one form of regional economic development as an effort to drive the regional economy, finance regional development, create jobs, and enhance regional competitiveness;
- c. That the regional regulation of Magelang City number 1 of 2013 concerning investment is no longer in accordance with the development of law and the needs of the community, thus it needs to be replaced;
- d. That based on the considerations as referred to in letters a, b, and c, it is necessary to establish a Regional Regulation on Investment.
- Remembering : 1. Article 18 paragraph (6) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 17 of 1950 concerning the Establishment of Small City Regions within the Provinces of East Java, Central Java, and West Java;
3. Law Number 23 of 2014 on Regional Government (Additional State Gazette of the Republic of Indonesia of 2014 Number 244, The State Gazette of the Republic of Indonesia Number 5587) as amended several times most recently by Government Regulation in Lieu of Law Number 2 of 2022 about job creation (State Gazette of the Republic of Indonesia Year 2022 Number 238, Additional to the State Gazette of the Republic of Indonesia Number 6841);

With Mutual Agreement
REGIONAL REPRESENTATIVE COUNCIL OF MAGELANG
And
THE MAYOR OF MAGELANG

Assign : A REGIONAL REGULATION OF INVESTMENT

CHAPTER 1
GENERAL PROVISIONS

Article 1

In this Regional Regulation what is meant by :

1. Region is the City of Magelang.
2. Regional Government is the Mayor as an element of the Regional Government organizer who leads the implementation of government affairs that 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 implementing government affairs that are the authority of the Region.
5. The Investment and One-Stop Integrated Service Office, hereinafter abbreviated as DPMPTSP, is a Regional Apparatus that has the task and function of organizing government affairs in the field of investment that are the authority of the region.
6. Capital is an asset in the form of money or other forms other than money owned by investors that have economic value.
7. Domestic capital is capital owned by the Republic of Indonesia, individual Indonesian citizens, or business entities in the form of legal entities or non-legal entities.
8. Foreign Capital is capital owned by foreign countries, individual foreign citizens, foreign business entities, foreign legal entities, and/or Indonesian legal entities whose capital is partly or wholly owned by foreign parties.
9. Investment is any form of investment activity by domestic investors and foreign investors to conduct business in the Regional area.
10. Investors are individuals or business entities that carry out capital investment which can be domestic investors and foreign investors.
11. Domestic Investors, hereinafter abbreviated as PMDN, are individual Indonesian citizens, Indonesian business entities, the Republic of Indonesia, or regions that carry out capital investment in the Regional area.
12. Foreign Investors, hereinafter abbreviated as PMA, are individual foreign citizens, foreign business entities, and/or foreign governments that carry out capital investment in the Regional area.
13. Business Licensing is the legality granted to Business Actors who are Investors to start and run their businesses and/or activities.
14. Risk-Based Business Licensing is Business Licensing based on the level of risk of business activities.
15. The Electronically Integrated Business Licensing System (Online Single Submission) hereinafter referred to as the OSS System is an integrated electronic system managed and organized by the OSS Institution for the implementation of Risk-Based Business Licensing.

16. Micro, Small, and Medium Enterprises hereinafter abbreviated as UMKM are micro, small, and medium enterprises as referred to in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises as amended by Law Number 11 of 2008 concerning Job Creation.
17. Investment Activity Report, hereinafter abbreviated as LKPM, is a report on the development of Investment realization and problems faced by Business Actors who are Investors that must be made and submitted periodically.
18. Business Actors are individuals or business entities that carry out business and/or activities in certain fields.
19. Regional Investment General Plan, hereinafter abbreviated as RUPMD, is a Regional investment planning document prepared and stipulated by the Mayor referring to the national investment general plan, the Central Java Provincial investment general plan, the Regional long-term development plan, the Regional medium-term development plan, and the priority of developing Regional potential.
20. Business Field is all forms of business activities carried out to produce goods or services in economic sectors.
21. Investment Climate Development is an activity in order to improve a policy, institutional, and behavioral environment, both existing conditions and expected conditions.
22. Provision of incentives is fiscal policy support from the Regional Government to the Community and/or Investors to increase investment in the Region.
23. Provision of Facilities is the provision of non-fiscal facilities by the Regional Government to the Community and/or Investors to facilitate investment activities and increase investment in the Region.
24. Investment Promotion, hereinafter referred to as Promotion, is any form of communication used to inform, and/or convince stakeholders both domestically and abroad about the potential and opportunities and climate of Investment.
25. Supervision is an effort to ensure that business activities are carried out in accordance with the standards for organizing business activities carried out through a risk-based approach and obligations that must be fulfilled by investors.
26. The Community is a person or group of people who are citizens of the Republic of Indonesia who own and/or carry out business activities in accordance with the provisions of laws and regulations.

Article 2

Capital investment is carried out based on the principle :

- a. legal certainty;
- b. transparency;
- c. accountability;
- d. equal treatment and no distinction of country of origin;
- e. togetherness;
- f. fair efficiency;
- g. sustainable;
- h. environmentally aware;
- i. independence;
- j. balance of progress and national economic unity.

Article 3

The Implementation of Investment aims to :

- a. Increase regional economic growth;
- b. Creating jobs;
- c. Increase sustainable economic development;
- d. Increase the competitiveness of regional businesses;
- e. Increased technological capacity and capability;
- f. Encourage the development of the people's economy;
- g. Process potential economy into real economic strength by using funds originating from both domestic and foreign sources; and;
- h. Improve the welfare of the Community.

Article 4

The scope of the regulations in this Regional Regulation includes:

- a. Investment policy;
- b. Investment planning in the Region;
- c. Investment services in the Region;
- d. Development of the Investment Climate;
- e. Provision of incentives and facilities for Investment;
- f. Promotion;
- g. Rights, obligations, and responsibilities; and
- h. Investment Supervision.

Article 5

- (1) The Regional Government in implementing Capital Investment has the authority to:
 - a. determine the provision of facilities/incentives in the field of Capital Investment;
 - b. create a map of investment potential;
 - c. organize Promotion;
 - d. grant Business Licensing and Non-Business Licensing in the field of Capital Investment that is the authority of the Region;
 - e. carry out control over the implementation of Capital Investment; and
 - f. manage integrated Licensing and Non-Licensing data and information.
- (2) In order to implement the authority as referred to in paragraph (1), the Regional Government determines the Capital Investment policy.

CHAPTER II REGIONAL INVESTMENT POLICY

Article 6

- (1) The determination of investment policies as referred to in Article 5 paragraph (2) is carried out to:
 - a. encourage the creation of a conducive regional business climate for increasing the competitiveness of the regional economy; and
 - b. accelerate the increase in investment and ease of investment.
- (2) The investment policy as referred to in paragraph (1) is implemented through:
 - a. providing equal treatment for investors by taking into account regional interests;
 - b. guaranteeing legal certainty, business certainty, and business security for Investors from the licensing process until the end of investment activities in

- accordance with the provisions of laws and regulations;
 - c. developing and providing protection and/or investment opportunities for cooperatives and UMKM;
 - d. providing pro-investment regulations;
 - e. efficient and effective investment promotion;
 - f. optimizing the processing, presentation, and utilization of data and information in the electronically integrated Business Licensing service system.
 - g. increasing the orientation of environmentally aware investment activities; and
 - h. implementation of corporate social responsibility policies to the surrounding community and local governments around the investment location.
- (3) The Investment Policy as referred to in paragraph (1) is manifested in the RUPMD.

CHAPTER III REGIONAL INVESTMENT PLANNING

Article 7

- (1) Investment capital planning is prepared in the form of a Regional Investment Plan (RUPD).
- (2) The RUPMD as referred to in paragraph (1) contains the strategy and direction of Regional Investment policy.
- (3) The RUPMD as referred to in paragraph (1) is adjusted by considering:
 - a. the general plan for national investment;
 - b. the general plan for investment in Central Java Province;
 - c. the long-term regional development plan;
 - d. the medium-term regional development plan;
 - e. the regional spatial plan; and
 - f. priorities for developing Regional Potential.
- (4) Further provisions regarding the RUPMD as referred to in paragraph (1) are regulated by the Mayor's Regulation.

CHAPTER IV REGIONAL INVESTMENT SERVICES

Part One General

Article 8

Regional Investment Services include:

- a. Business Fields;
- b. Investors and forms of business entities; and
- c. employment.

Part Two
Investment Business Fields

Paragraph 1
Open Business Fields

Article 9

- (1) Business Fields that are open to Investment activities include:
 - a. Priority business fields;
 - b. Business Fields allocated or in partnership with cooperatives and UMKM;
 - c. Business Fields with certain requirements; and
 - d. Business Fields that are not included in letters a, b, and c.
- (2) The Business Fields as referred to in paragraph (1) are commercial Business Fields.
- (3) The Business Fields as referred to in paragraph (1) letter d may be run by all Investors.

Article 10

Priority business fields as referred to in Article 9 paragraph (1) letter a are Business Fields that meet the criteria, namely:

- a. national strategy programs/projects;
- b. capital intensive;
- c. labor intensive;
- d. high technology;
- e. pioneer industry;
- f. export orientation; and/or
- g. orientation in research, development, and innovation activities.

Article 11

- (1) Business fields that include or partnership with cooperatives and UMKM as referred to in Article 9 paragraph (1) letter b are:
 - a. Business fields that are specifically for cooperatives and UMKM; and
 - b. Business fields that are open and large businesses that start with cooperatives and UMKM.
- (2) Business fields allocated for Cooperatives and UMKM as referred to in paragraph (1) letter a are determined based on the following criteria:
 - a. business activities that do not use technology or that use simple technology;
 - b. business activities that have specific processes, are labor-intensive, and have a special and hereditary cultural heritage; and/or
 - c. the business capital of the activity does not exceed IDR 10,000,000,000.00 (ten billion rupiah) excluding the value of land and buildings.
- (3) Business fields that are open to large businesses established with cooperatives and UMKM as referred to in paragraph (1) letter b are determined based on the following criteria:
 - a. Business fields that are widely operated by cooperatives and UMKM; and/or
 - b. Business fields that are encouraged to enter the supply chain of large businesses.

Article 12

Business Fields with certain requirements as referred to in Article 9 paragraph (1) letter c are Business Fields that can be operated by all Investors including

cooperatives and UMKM that meet the following requirements:

- a. Investment Requirements for PMDN;
- b. Investment Requirements with restrictions on foreign capital ownership;
- c. Investment Requirements with Special Permits; or
- d. Other Investment Requirements, namely Business Fields that are strictly limited and supervised and regulated in separate laws and regulations in the field of control and supervision of alcoholic beverages.

Paragraph 2 Closed Business Fields

Article 13

All Business Fields are open to Investment activities, except for Business Fields:

- a. Which are declared closed to Investment; or
- b. For activities that can only be carried out by the Central Government.

Part Three Investors and Forms of Business Entities

Article 14

Investment in the Region carried out by individuals or business entities, includes:

- a. PMDN; and
- b. PMA.

Article 15

- (1) PMDN as referred to in Article 14 letter a is carried out by business entities that are legal entities, non-legal entities, or individual businesses.
- (2) PMA as referred to in Article 14 letter b, is in the form of a limited liability company based on Indonesian law and is domiciled in the territory of the Republic of Indonesia.

Article 16

PMA as referred to in Article 15 paragraph (2) may only carry out business activities in large businesses with an investment value of more than IDR 10,000,000,000,000.00 (ten billion rupiah) excluding the value of land and buildings.

Part Four Employment

Article 17

- (1) Investors in meeting the need for labor must prioritize Indonesian citizen labor with resident status in the Region.
- (2) Investors have the right to use foreign experts for certain positions and expertise in accordance with the provisions of laws and regulations.
- (3) Investors are required to improve the competence of Indonesian citizen labor, especially those with resident status in the Region, through job training in accordance with the provisions of laws and regulations.
- (4) Investors who employ foreign labor are required to provide training and technology transfer to Indonesian citizen labor, especially those with resident status in the Region in accordance with the provisions of laws and regulations.
- (5) Investors who violate the provisions as referred to in paragraph (1), paragraph

- (3), and paragraph (4) shall be subject to administrative sanctions.
- (6) Administrative sanctions as referred to in paragraph (5) include:
- a. Written warning;
 - b. Restriction of business activities;
 - c. Freezing of business activities and/or investment facilities; and/or
 - d. Revocation of business activity permits and/or investment facilities.

Article 18

- (1) The longest warning as referred to in Article 17 paragraph (6) letter a, is given a maximum of 2 (two) times, with a period of 30 (thirty) working days each, and is implemented by the DPMPTSP.
- (2) Sanctions as referred to in Article 17 paragraph (6) letters b, letter c, and/or letter d, are given if the person concerned does not fulfill the provisions as referred to in paragraph (1).
- (3) The imposition of sanctions as referred to in paragraph (2) is the authority of the Central Government in accordance with the provisions of laws and regulations.
- (4) The DPMPTSP shall convey the imposition of sanctions by the Central Government as referred to in paragraph (3) to Investors who violate the provisions as referred to in paragraph (2).
- (5) In the event that the investor who violates, still continues to carry out his business activities after being given as referred to in paragraph (2), the Regional Government shall impose sanctions in the form of government coercion.

Article 19

- (1) Settlement of industrial relations disputes shall be attempted through deliberation between the Investment and the workforce.
- (2) In the event that the settlement method as referred to in paragraph (1) does not reach an agreement, the settlement shall be carried out through efforts as regulated in the regulations in the field of employment.

CHAPTER V DEVELOPMENT OF THE INVESTMENT CLIMATE

Article 20

- (1) The Regional Government shall fund the development of the Investment Climate.
- (2) The authority as referred to in paragraph (1) includes:
 - a. Formulating and implementing policies and/or laws and regulations for the Development of the Investment Climate;
 - b. Compiling maps of Investment potential and capital storage opportunities in the Region; and
 - c. Facilitating business management training, business partnerships, and increasing the capacity of small and medium businesses related to Investment.

Article 21

The Development of the Investment Climate as referred to in Article 20 shall at least include:

- a. Investment deregulation;
- b. development of Investment potential and opportunities; and
- c. empowerment efforts.

Article 22

- (1) Deregulation of Investment as referred to in Article 21 letter a, includes:
 - a. Preparation of policy proposals and/or laws and regulations in the field of Investment and evaluation of their implementation;
 - b. Preparation of policy proposals for incentive systems,
 - c. ease, and facilities for Investment;
 - d. Preparation of proposals for simplifying business ease policies, simplifying procedures, time and costs for licensing and non-licensing; and
 - e. Submission of information on Policies and/or laws and regulations in the field of Investment.
- (2) Development of potential and opportunities for Investment in the Region as referred to in Article 21 letter b, includes:
 - a. Identification of potential for Investment in the Region;
 - b. Investment Opportunities in the Region; and
 - c. Documentation of the results of mapping Investment Opportunities in the Region into the Regional investment potential information system.
- (3) Business empowerment as referred to in Article 21 letter c, includes:
 - a. Facilitation of the implementation of business management coaching for small and medium entrepreneurs related to Capital Investment empowerment;
 - b. Facilitation of the implementation of small and medium business partnerships with PMA/PMDN companies; and
 - c. Facilitation of increasing the capacity of small and medium business actors related to Capital Investment.

Article 23

Further provisions regarding the Development of the Investment Climate as referred to in Article 20 to Article 22 are regulated by the Mayor's Regulation.

CHAPTER VI PROVISION OF INCENTIVES AND FACILITIES FOR INVESTMENT

Article 24

- (1) The Regional Government may provide incentives and/or investment facilities to investors in the Region in accordance with its authority.
- (2) The provision of incentives from/or investment facilities to Investors in the Region as referred to in paragraph (1) is carried out to encourage increased Investment based on the RUPMD or the results of studies that consider the potential of the Region and added value in the Region.
- (3) The Provision of Incentives and/or Provision of Facilities as referred to in paragraph (1) is given in accordance with the capabilities of the Region based on laws and regulations.

Article 25

In implementing the Provision of Incentives and/or Provision of Facilities to Investors, the Regional Government shall at least regulate:

- a. Criteria for Provision of Incentives and Provision of Facilities;
- b. Forms of Provision of Incentives and Provision of Facilities;
- c. Types of businesses that receive incentives and Facilities;
- d. Procedures for Provision of Incentives and Provision of Facilities;

- e. Period and frequency of Provision of Incentives and/or Provision of Facilities; and
- f. Evaluation and reporting of the Provision of Incentives and/or Provision of Facilities.

Article 26

Criteria for Granting Incentives and/or Provision of Facilities as referred to in Article 25 paragraph (1) letter b to Investors include:

- a. Contributing to increasing Community income;
- b. Absorbing labor;
- c. Using most local resources;
- d. Contributing to improving public services;
- e. Contributing to increasing gross regional domestic product;
- f. Environmentally aware and sustainable;
- g. Infrastructure development;
- h. Carrying out technology transfer;
- i. Carrying out pioneering industry;
- j. Carrying out research, development, and innovation activities;
- k. Starting with UMKM or cooperatives;
- l. Industry that uses domestic capital goods, machinery, or equipment;
- m. Carrying out business activities in accordance with national and/or regional priority programs; and/or
- n. Export-oriented.

Article 27

- (1) Provision of Incentives to Investors as referred to in Article 25 paragraph (1) letter b may take the form of:
 - a. Reduction, relief, or exemption from Regional taxes;
 - b. Reduction, relief, or exemption from Regional levies;
 - c. Provision of capital assistance to UMKM and/or cooperatives in the Region;
 - d. Assistance for research and development for UMKM and/or cooperatives in the Region;
 - e. Assistance for vocational training facilities for UMKM and/or cooperatives in the Region, and/or
 - f. Low credit interest.
- (2) Provision of Facilities to Investors as referred to in Article 25 paragraph (1) letter b may take the form of:
 - a. Provision of data and information on Investment opportunities;
 - b. Provision of facilities and infrastructure;
 - c. Facilitation of provision of land or locations;
 - 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. Ease of direct construction investment;
 - h. Ease of investment in strategic areas stipulated in laws and regulations that have the potential for regional development;
 - i. Provision of comfort and security in investment in the region;
 - j. Ease of certification process from standardization in accordance with the provisions of laws and regulations;
 - k. Ease of access to ready-to-use and skilled labor;

- l. Ease of access to raw material supplies; and/or
- m. Promotional facilities in accordance with regional authority.

Article 28

- (1) The Regional Government may prioritize the provision of Incentives and/or Provision of Facilities for certain types of businesses or certain activities.
- (2) Certain types of businesses or certain activities as referred to in paragraph (1) consist of:
 - a. UMKM and/or cooperatives;
 - b. businesses that are required to have partnerships;
 - c. businesses that are required to have capital ownership;
 - d. businesses that are required to have a certain location;
 - e. businesses that are required to have special permits;
 - f. businesses that are open for investment that prioritizes regional excellence;
 - g. businesses that have received investment facilities from the Central Government;
 - h. businesses that absorb the workforce of the Regional population and people with disabilities; and/or
 - i. other businesses in accordance with the provisions of laws and regulations.

Article 29

- (1) The Mayor shall determine the standard operating procedures for the implementation of the Provision of Incentives and/or Provision of Facilities for Investment to the community and/or Investors.
- (2) The Mayor shall verify the implementation of the Provision of Incentives and/or Provision of Facilities for Investment.
- (3) Verification as referred to in paragraph (2) is coordinated by DPMPTSP.

Article 30

The time period and frequency of the provision of investment incentives and/or facilities as referred to in Article 25 paragraph (1) letter e shall be determined by a Mayoral Decree.

Article 31

- (1) The Mayor shall evaluate the effectiveness of the implementation of the Provision of Incentives and/or Provision of Facilities that have been provided to Investors.
- (2) The evaluation as referred to in paragraph (1) shall be conducted at least 1 (one) time per year.

Article 32

Further provisions regarding the Provision of Incentives and/or Provision of Facilities to Investors as referred to in Articles 24 to 31 shall be regulated in a Regional Regulation.

CHAPTER VII INVESTMENT PROMOTION

Article 33

- (1) The Regional Government shall organize Promotion.
- (2) Promotion as referred to in paragraph (1) includes:

- a. Formulation of promotion strategy;
- b. Provision of promotion facilities;
- c. Implementation of promotion activities; and
- d. Coordination of promotion.

Article 34

Formulation of promotion strategy as referred to in Article 33 paragraph (2) letter a, is carried out through:

- a. Preparation of analysis of countries of foreign capital sources; and
- b. Preparation of analysis of competing countries.

Article 35

Provision of Promotional facilities as referred to in Article 3 paragraph (2) letter b is carried out through several stages, including:

- a. Identification of the scope of Promotional material;
- b. Coordination with units from related agencies for the collection and updating of data/information from the scope of promotional material that has been identified, for the preparation of promotional materials;
- c. Preparation of Promotional material;
- d. Determination of the format of promotional material in printed and/or electronic form based on the results of the preparation of promotional materials;
- e. Creation of promotional media designs in the form of print and electronic media based on the specified format; and
- f. Provision of Promotional facilities and preparation of evaluation reports on the provision of promotional facilities.

Article 36

Promotional activities as referred to in Article 33 paragraph (2) letter c include:

- a. Publication of information through promotional facilities;
- b. Organization and/or participation in investment exhibitions;
- c. Investment seminars, business forums, and/or face-to-face meetings;
- d. Acceptance of missions and/or assistance to investors;
- e. Organization of regional government representatives abroad; and
- f. Follow up all promotion activities.

Article 37

- (1) The Regional Government coordinates the promotion as referred to in Article 33 paragraph (2) letter d with the Central Java Provincial Government and the Central Government.
- (2) The coordination as referred to in paragraph (1) is carried out to:
 - a. align the Promotion process; and
 - b. encourage increased interest in investment.
- (3) The coordination as referred to in paragraph (1) is carried out by the DPMPTSP.

Article 38

Further provisions regarding the Promotion as referred to in Article 33 to Article 37 are regulated in the Mayor's Regulation.

CHAPTER VIII
RIGHTS, OBLIGATIONS, AND RESPONSIBILITIES OF INVESTORS

Article 39

Every investor has the right to receive:

- a. Certainty of rights, law, and protection;
- b. Open information regarding the business field they are running;
- c. Service rights; and
- d. Various forms of convenience facilities in accordance with the provisions of laws and regulations.

Article 40

Every investor is required to:

- a. Implement the principles of good corporate governance;
- b. Carry out social and environmental responsibilities;
- c. Create lkpm and submit it to dpmpstsp;
- d. Respect the cultural traditions of the community around the location of the investment business activity;
- e. Improve the competence of indonesian workers through job training in accordance with the provisions of laws and regulations;
- f. Organize training and technology transfer to indonesian workers in accordance with the provisions of laws and regulations for companies employing foreign workers;
- g. Allocate funds in stages for the restoration of locations that meet environmental feasibility standards for companies that exploit non-renewable natural resources, the implementation of which is in accordance with the provisions of laws and regulations; and
- h. Comply with all provisions of laws and regulations.

Article 41

Every investor is responsible for:

- a. ensuring the availability of capital originating from sources that do not conflict with the provisions of laws and regulations;
- b. bearing and settling all obligations and losses if the investor unilaterally stops or abandons or neglects its business activities in accordance with the provisions of laws and regulations;
- c. creating a healthy competitive business climate, preventing monopolistic practices, and other things that are detrimental to the state and regions;
- d. maintaining environmental sustainability;
- e. creating worker safety, health, comfort, and welfare; and
- f. complying with all provisions of laws and regulations.

Article 42

- (1) Investors who do not carry out the obligations as referred to in Article 40 shall be subject to administrative sanctions.
- (2) Administrative sanctions as referred to in paragraph (1) include:
 - a. written warning;
 - b. restrictions on business activities;
 - c. freezing of business activities and/or Investment facilities; and/or
 - d. revocation of business permits and/or Investment facilities.

Article 43

- (1) Written warnings as referred to in Article 42 paragraph (2) letter a, shall be given a maximum of 2 (two) times, with a maximum period of 30 (thirty) working days each, and shall be implemented by the DPMPTSP.
- (2) Sanctions as referred to in Article 42 paragraph (2) letters b, c, and/or d, shall be given if the violating investor does not fulfill the provisions as referred to in paragraph (1).
- (3) The imposition of sanctions as referred to in paragraph (2) is the authority of the Central Government in accordance with the provisions of laws and regulations.
- (4) The DPMPTSP shall convey the imposition of sanctions by the Central Government as referred to in paragraph (3) to Investors who violate the provisions as referred to in paragraph (2).
- (5) In the event that the violating investor continues to carry out business activities after the sanctions as referred to in paragraph (2) have been determined, the Regional Government shall impose sanctions in the form of government coercion.

CHAPTER IX SUPERVISION

Article 44

- (1) Investment Supervision is carried out on the development of Investment realization as well as the provision of facilities, incentives, and convenience for Investment, and/or partnership obligations.
- (2) The authority for Investment Supervision activities as referred to in paragraph (1) is carried out by DPMPTSP.

Article 45

- (1) Investment Supervision as referred to in Article 44 is carried out on every business activity with the regulation of implementation frequency based on the level of Risk and the level of compliance of Business Actors.
- (2) Supervision is carried out since Business Actors obtain Business Licenses with the aim of ensuring that the implementation of business activities is in accordance with the provisions of laws and regulations.
- (3) Supervision as referred to in paragraph (1) includes:
 - a. Routine supervision; and
 - b. Incidental supervision.
- (4) Further provisions regarding the procedures for routine supervision and incidental supervision as referred to in paragraph (3) are regulated in the Mayor's Regulation.

BA8 X CLOSING PROVISIONS

Article 46

When this Regional Regulation comes into effect, the laws and regulations that constitute the implementing regulations of the Magelang City Regional Regulation Number 1 of 2013 concerning Investment (Magelang City Regional Gazette of 2013 Number 1, Supplement to the Magelang City Regional Gazette Number 18), are declared to remain in effect as long as they have not been replaced and do not conflict with the provisions of this Regional Regulation.

Article 47

When this Regional Regulation comes into effect, the Magelang City Regional Regulation Number 1 of 2013 concerning Investment (Magelang City Regional Gazette of 2013 Number 1, Supplement to the Magelang City Regional Gazette Number 88), is revoked and declared null and void.

Article 48

The implementing regulations of this Regional Regulation shall be stipulated no later than 1 (one) year since this Regional Regulation is enacted.

Article 49

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

In order for everyone to know, it is ordered that this Regional Regulation be promulgated by placing it in the Regional Gazette of Magelang City.

Established in Magelang
On January 24, 2023

MAYOR OF MAGELANG

MUCHAMAD NUR AZIZ

enacted in Magelang
on January 24, 2023

REGIONAL SECRETARY OF MAGELANG CITY

JOKO BUDIYONO

REGIONAL GAZETTE OF MAGELANG CITY YEAR 2023 NUMBER 3
NOREG REGIONAL REGULATION OF MAGELANG CITY, CENTRAL JAVA
PROVINCE: (3-16/2023)

EXPLANATION
OF
THE DRAFT REGIONAL REGULATION OF MAGELANG CITY
NUMBER 3 OF 2023
ABOUT
INVESTMENT

I. GENERAL

Investment plays an important role in accelerating the economy of a region, not only encouraging economic growth but also resulting in increased employment opportunities and reducing poverty. Investment is a crucial factor for the sustainability of the economic development process (sustainable development), or long-term economic growth. With production activities, employment opportunities are created and community income increases, which then creates an increase in market demand.

The important role of investment in this development must be supported by legal regulations from upstream to downstream that accommodate investment activities comprehensively and implementably. In addition to the regulatory system, ease of doing business (case of doing business) is one of the important pillars for increasing investment.

Investment development is a policy that has a fairly broad economic impact, namely an increase in the number of goods and services, creation of added value, use of labor, and other economic resources, increasing community income, and as a source of regional income in the form of taxes and levies.

So far, Magelang City has had Magelang City Regional Regulation Number 1 of 2013 concerning Investment in providing a legal umbrella and legal certainty in the implementation of Investment in Magelang City. With the enactment of Law Number 11 of 2020 concerning Job Creation, as amending several provisions in Law Number 15 of 2007 concerning Investment, it has had a broad impact on efforts to organize existing regulations, restore existing regulations in the region in relation to investment. Thus, the Regional Regulation is no longer in accordance with the dynamics of the development of laws and regulations so that it is not implemented.

The scope of the regulations in the Regional Regulation includes the authority of the Regional Government; investment policies; investment planning in the Region; development of investment potential and opportunities in the Region; investment services in the Region; business empowerment; rights, obligations and responsibilities; provision of incentives and investment facilities; investment promotion; investment cooperation; and investment supervision.

II. ARTICLE BY ARTICLE

Article 1

Quite clear.

Article 2

Letter a

What is meant by "principle of legal certainty" is the principle in a constitutional state that places laws and provisions of laws and regulations as the basis for every policy and action in the field of investment.

Letter b

What is meant by "principle of openness" is the principle that is open

to the public's right to obtain correct, honest, and non-discriminatory information about investment activities.

Letter c

What is meant by "principle of accountability" is the principle that determines that every activity and final result of the implementation of investment must be accounted for to the public or people as the holder of the highest sovereignty of the state in accordance with the provisions of laws and regulations.

Letter d

What is meant by "principle of equal treatment and not distinguishing country of origin" is the principle of non-discriminatory service treatment based on the provisions of laws and regulations, both between domestic investors and foreign investors and between investors from one foreign country and investors from another foreign country.

Letter e

What is meant by "principle of togetherness" is the principle that encourages the participation of all investors together in their business activities to advance the welfare of the people.

Letter f

What is meant by "principle of fair efficiency" is the principle that underlies the implementation of capital investment by prioritizing fair efficiency in an effort to create a fair, conducive, and competitive business climate.

Letter g

What is meant by "principle of sustainability" is the principle that in a planned manner seeks to carry out the development process through investment to ensure welfare and progress in all aspects of life, both now and in the future.

Letter h

What is meant by "principle of environmental insight" is the principle of investment that is carried out while still paying attention to and prioritizing the protection and maintenance of the environment.

Letter i

What is meant by "principle of independence" is the principle of investment carried out while still prioritizing the potential of the nation and state without closing itself off to the entry of foreign capital in order to realize economic growth.

Letter j

What is meant by "principle of balance of regional and unitary economic progress" is the principle that seeks to create a balance of regional economic progress within the national economic unity.

Article 3

Quite clear.

Article 4

Quite clear.

Article 5

Quite clear.

Article 6

Quite clear.

Article 7

Quite clear.

Article 8

Quite clear.

Article 9

Quite clear.

Article 10

Quite clear.

Article 11

Quite clear.

Article 12

Quite clear.

Article 13

Letter a

The term Business Fields that are declared closed to Investment include:

1. Business Fields that cannot be operated as Business Fields listed in Article 12 of Law Number 25 of 2007 concerning Investment as amended by Law Number 11 of 2020 concerning Job Creation; and
2. Alcoholic Beverage Industry (KBLI 11010), Alcoholic Beverage Industry: Wine (KBLI 11020), and Malt Beverage Industry (KBLI 11031).

Letter b

Business Fields for activities that can only be carried out by the Central Government are activities that are of a service nature in the context of defense and security that are strategic in nature and cannot be carried out or collaborated with other parties.

Article 14

Quite clear.

Article 15

Quite clear.

Article 16

Quite clear.

Article 17

Quite clear.

Article 18

Paragraph (1)

Quite clear.

Paragraph (2)

Quite clear.

Paragraph (3)

Quite clear.

Paragraph (4)

Quite clear.

Paragraph (5)

What is meant by "government coercion" is a sanction given by the Regional Government in this case the DPMPTSP together with other Regional Apparatus, for example: the Civil Service Police Unit (Satpol PP).

Government coercion can be in the form of regulation and/or termination of Investment business activities because the person concerned continues to carry out his business activities.

Article 19

Quite clear.

Article 20

Quite clear.

Article 21

Quite clear.

Article 22

Paragraph (1)

Quite clear.

Paragraph (2)

Letter a

Quite clear.

letter b

Quite clear.

Letter c

What is meant by the Regional Investment Potential Information System or what is called SIPID is a website-based information system that functions to provide information on Investment Potential and Investment Opportunities in the context of developing Regional potential.

Paragraph (3)

Quite clear.

Article 23

Quite clear.

Article 24

Quite clear.

Article 25

Quite clear.

Article 26

Quite clear.

Article 27

Paragraph (1)

Letter a

Regional tax reductions, reliefs, and exemptions include:

- a. adjustments to the Taxable Object Sales Value (NJOPTKP) and Taxable Object Sales Value (NJOP) of land and buildings;
- b. granting reductions, reliefs, or exemptions in certain cases for regional tax principal and/or its sanctions;
- c. granting reductions, reliefs, or exemptions from Land and Building Acquisition Fee (BPHTB);
- d. payment of regional tax installments.

Letter b

Reductions, reliefs, or exemptions from regional levies, including in the form of general housing construction permit levies for low-income communities.

Letter c

Quite clear.

Letter d

Quite clear.

Letter e
Quite clear.

Letter f
Quite clear.

Paragraph (2)
Quite clear.

Article 28
Quite clear.

Article 29
Quite clear.

Article 30
Quite clear.

Article 31
Quite clear.

Article 32
Quite clear.

Article 33
Quite clear.

Article 34
Quite clear.

Article 35
Quite clear.

Article 36
Quite clear.

Article 37
Quite clear.

Article 38
Quite clear.

Article 39
Quite clear.

Article 40
Quite clear.

Article 41
Quite clear.

Article 42
Quite clear.

Article 43
Paragraph (1)
Quite clear.

Paragraph (2)
Quite clear.

Paragraph (3)
Quite clear.

Paragraph (4)
Quite clear.

Paragraph (5)

What is meant by "government coercion" is a sanction given by the Regional Government in the case of DPMPTSP together with other Regional Apparatus, for example: Civil Service Police Unit (Satpol PP). Government coercion can be in the form of regulation and/or termination of the investor's business activities because the person

concerned continues to carry out his business activities.

Article 44

Quite clear.

Article 45

Paragraph (1)

Quite clear.

Paragraph (2)

Quite clear.

Paragraph (3)

Letter a

What is meant by routine supervision is supervision carried out through monitoring periodic reports that are the obligation of Business Actors and scheduled and coordinated field inspections.

Letter b

What is meant by incidental supervision is supervision at any time due to certain circumstances in the form of field inspections and can be carried out without prior notification to Business Actors.

Paragraph (4)

Quite clear.

Article 46

Quite clear.

Article 47

Quite clear.

Article 48

Quite clear.

Article 49

Quite clear.

ADDITIONAL GAZETTE OF MAGELANG CITY NUMBER 116