

KENDAL REGENT
Central Java Province
Regional Regulation of Kendal Regency
Number 5 Year 2023

Concerning

Providing Incentives And / Or Providing Investment Facilities

By The Blessings Of Almighty God

The Regent of Kendal,

Considering	:	that to implement the provisions of Article 7 paragraph (1) Government Regulation Number 24 year 2019 concerning Providing Incentives and Facilitating Investment in Regions, is necessary to establish Regional Regulations regarding the Provision of Incentives and /or Providing Investment Facilities;
In view of	:	<ol style="list-style-type: none">1. Article 18 paragraph (6) of The 1945 Constitution of the Republic of Indonesia;2. Law Number 13 of 1950 concerning The Formation of Regency Areas within the Province of Central Java as amended by Law Number 9 of 1965 concerning the Formation of the Level II Region of Batang by amending The Law Number 13 of 1950 concerning The Establishment of Regency Areas within The Province of Central Java (State Gazette of The Republic of Indonesia year of 1965 Number 52, Supplement to State Gazette of the Republic of Indonesia Number 2757);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, last by Law Number 6 of 2023 concerning the Determination of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation becomes law (State Gazette of the Republic of Indonesia Number 41 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6856);

	<p>4. Government Regulation Number 32 of 1950 concerning The Determination of the Entry into Force of Law Number 12,13, 14, and 15 of 1950 from the Establishment of Regions districts in East / Central/ West Java and The Special Region of Yogyakarta;</p> <p>5. Government Regulation Number 16 of 1976 concerning The Expansion of the Semarang Level II Regional Municipality (State Gazette of the Republic of Indonesia of 1976 Number 25, Supplement to the State Gazette of the Republic of Indonesia Number 3079);</p> <p>6. Government Regulation Number 24 of 2019 concerning Providing Incentives and Investment Facilities in the Regions (State Gazette of the Republic of Indonesia Number 63 of 2019, Supplement to the State Gazette of the Republic of Indonesia Number 6330);</p>
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With the Joint Approval of
THE REGIONAL HOUSE OF REPRESENTATIVES OF KENDAL REGENCY
and
THE REGENT OF KENDAL

HAS DECIDED:

To Issue	:	REGIONAL REGULATION OF KENDAL REGENCY CONCERNING PROVIDING INCENTIVES AND / OR PROVIDING INVESTMENT FACILITIES
CHAPTER I GENERAL PROVISIONS Article 1		
		In this Regional Regulation, what is meant by: 1. Region means The Regency of Kendal 2. Regent means The Regent of Kendal 3. 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.

	<ol style="list-style-type: none"> 4. Society is a person or group of people who is a citizen of the Republic of Indonesia have and / or carry out appropriate business activities with the provisions of statutory regulations. 5. Capital is an asset in the form of money or other forms which is not money that is owned by investors who has economic value. 6. Investment is all forms of investment activities, both by domestic investors and foreign investors to conduct business in the territory of the Republic of Indonesia. 7. Investors are individual investors or business entities who make investments which can be domestic investors and foreign investors. 8. Providing incentives is fiscal policy support from the Regional Government to the Community and/or Investors to increase an investment in the Region. 9. Providing Investment Facilities is the provision of non-fiscal facilities from Regional Government to Community and/or Investors to facilitate every investment activity and to increase investment in the Region. 10. Special Economic Zone is an area with certain boundaries within the legal territory of the Unitary State of the Republic of Indonesia which is designated to carry out economic functions and obtain certain facilities. 11. Regional Tax is a mandatory contribution to the Region owed by an individual or body that is coercive based on the Law, without receiving direct compensation and is used for Regional needs for the greatest prosperity of the people. 12. Regional Retribution is a Regional levy as payment for certain services or permits which are specifically provided and/or granted by the Regional Government for the benefit of individuals or entities.
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Article 2

This Regional Regulation is established with the aim of:

- a. Encouraging increased investment in the Region.
- b. Contributing to the regional economy development in realizing people's prosperity, and
- c. Providing support to the Community and/or Investors to facilitate every investment activity so as to create jobs and realize increased growth and economic equality in the Region

Article 3

Providing Incentives and/or Providing Investment Facilities in Region based on the principles:

- a. Legal certainty;
- b. Equality;
- c. Transparency;
- d. Accountability;
- e. Effective and efficient; and
- f. General principles of good governance.

CHAPTER II RIGHTS, OBLIGATIONS AND RESPONSIBILITIES COMMUNITY AND INVESTORS

Article 4

1. In the context of Providing Incentives and/or Providing Investment Facilities, the Community and Investors have the right to:
 - a. Obtain information and services for Providing Incentives and/or Providing Investment Facilities;
 - b. Obtain incentives and/or ease of investment according to the established mechanism;
 - c. Obtain services related to the process of providing, implementing, supervising and coaching investments in the Region;
 - d. Obtain information on evaluation results regarding developments in receiving incentives and/or ease of investment; and
 - e. Obtain various forms of convenience facilities in accordance with statutory provisions.
2. In the context of Providing Incentives and/or Providing Investment Facilities, the Community and Investors are obliged to:
 - a. Comply with statutory provisions regarding guidelines for Providing Incentives and/or Investment Facilities;
 - b. Carry out corporate social responsibility;
 - c. Make reports on investment activities and submit them to the regional officials who handle government affairs in the investment sector;
 - d. Respect traditional cultural traditions around the location of investment business activities; and
 - e. Have an office and/or representative office in the Region.

3. In the context of Providing Incentives and/or Providing Investment Facilities, the Community and Investors are responsible for:
 - a. Guarantee the availability of capital originating from sources that do not conflict with statutory provisions;
 - b. Bear and settle all obligations and losses if the Community and/or Investors unilaterally stop, leave or abandon their business activities in accordance with the provisions of laws and regulations in the investment sector;
 - c. Creating a healthy competitive business climate, preventing monopolistic practices and other things that could harm the country;
 - d. Maintain environmental, social and cultural sustainability of local communities;
 - e. Creating safety, health, comfort and welfare of workers; and
 - f. Participating in improving the welfare of regional communities, especially local communities.

Article 5

1. Every Community and/or Investor who is given incentives and/or investment facilities and does not carry out the obligations and responsibilities as intended in Article 4 paragraph (2) and/or paragraph (3) is subject to administrative sanctions in the form of:
 - a. Written warning; and/or
 - b. Termination on Providing Incentives and/or Providing Investment Facilities.
2. Further provisions regarding the imposition of administrative sanctions as intended in paragraph (1) are further regulated in the Regent's Regulation

CHAPTER III

CRITERIA FOR PROVIDING INCENTIVES AND/OR PROVIDING EASY INVESTMENT

Article 6

Incentives and/or Investment Facilities are given to the Community and/or Investors who meet the following criteria:

- a. Contribute to community to income enhancement;
- b. Absorb labor;
- c. Use mostly local resources;
- d. Contribute to improve public services;
- e. Contribute to increase gross regional domestic product;
- f. Environmentally friendly and sustainable;
- g. Infrastructure development;
- h. Carry out technology transfer;
- i. Carry out pioneering industry;
- j. Carry out research, development and innovation activities;
- k. Partner with micro, small businesses or cooperatives;
- l. Industries that use domestically produced capital goods, machinery equipment;

- m. Carry out business activities in accordance with national and/or regional priority programs;
- n. Export oriented; and/or
- o. Be in a Special Economic Zone.

Article 7

1. Regional Governments can prioritize Providing Incentives and/or Providing Investment Facilities for certain types of business or certain activities.
2. Certain types of business or certain activities as intended in paragraph (1) consist of:
 - a. Micro, small and/or cooperative businesses;
 - b. Business required by partnership;
 - c. Businesses whose capital ownership is required;
 - d. Businesses required by certain locations;
 - e. Businesses required by special permits;
 - f. Businesses that are open for investment that prioritize regional excellence;
 - g. Businesses that have received investment facilities from the Central Government; and/or
 - h. Other businesses in accordance with statutory provisions.

CHAPTER IV

FORMS OF INCENTIVES AND/OR FACILITIES INVESTMENT PROVIDED

Article 8

1. Provision of incentives can take the form of:
 - a. Reduction, relief, and exemption or elimination of principal Regional Taxes and/or sanctions;
 - b. Reduction, relief, and exemption or elimination of principal Regional Levies and/or sanctions;
 - c. Providing capital assistance to micro, small businesses and/or cooperatives in the regions.
 - d. Assistance for research and development for micro, small businesses and/or cooperatives in the Region;
 - e. Assistance with vocational training facilities for micro, small businesses and/or cooperatives in the regions; and/or
 - f. Low loan interest
2. Providing Investment Facilities can take the form of:
 - a. Providing data and information on investment opportunities;
 - b. Provision of facilities and infrastructure;
 - c. Facilitating the provision of land or location;

- d. Providing technical assistance;
 - e. Simplifying and accelerating the granting of permits through one-stop integrated services;
 - f. Easy access to marketing of production products;
 - g. Ease of direct investment in construction;
 - h. Ease of investment in strategic areas stipulated in statutory regulations that have the potential for regional development;
 - i. Providing comfort and security for investing in the Region;
 - j. Ease of certification and standardization processes in accordance with statutory provisions;
 - k. Easy access to raw material supplies; and/or
 - l. Facilitate promotions in accordance with regional authority.
3. Providing Incentives and/or Providing Investment Facilities as referred to in paragraph (1) and paragraph (2) is given in accordance with the Regional financial capacity and statutory regulations.
 4. Further provisions regarding the form of Providing Incentives and/or Providing Investment Facilities as referred to in paragraph (1) and paragraph (2) are regulated in the Regent's Regulation.

Article 9

In matter Society and/or Investors which carrying out its business in a Special Economic Zone is given an incentive in the form of reduction in Regional Taxes and/or Regional Levies by 50% (fifty percents).

CHAPTER V

PROCEDURE FOR PROVIDING INCENTIVES AND/OR PROVIDING EASY INVESTMENT

Part One

General

Article 10

System method Giving Incentives and/or Giving Convenience Investment to Society and/or Investors are carried out through stages:

1. Application Submission;
2. Verification; and
3. Implementation of Providing Incentives and/or Providing Investment Facilities.

Part Two
Application Submission

Article 12

1. The head of regional apparatus as intended in Article 11 will verify applications submitted by the Community and/or Investors by conducting and assessment based on:
 - a. Criteria as intended in Article 6; and
 - b. Type of business as intended in Article 7
2. In carrying out the verification as intended in paragraph (1) is carried out scoring and weighting to determine the form of incentives and/or investment facilities that will be provided.
3. The implementation of verification as intended in paragraph (1) involves relevant regional apparatus.

Part Four
Implementation of Providing Incentives and/or Providing Investment
Facilities

Article 13

1. Implementation of Providing Incentives and/or Providing Investment Facilities to the Community and/or Investors is carried out by considering the results of the verification as intended in Article 12
2. The implementation of the provision of incentives and/or the provision of investment facilities as referred to in paragraph (1) is determined by a Regent's Decree.
3. The Regent's Decree as intended in paragraph (2) contains at least:
 - a. Name;
 - b. Applicant's address;
 - c. Type of business or investment activity;
 - d. Forms of incentives and/or ease of investment;
 - e. Incentive period and/or ease of investment; and
 - f. Rights and obligations of recipients of incentives and/or investment facilities.

Article 14

Further provisions regarding procedures for submitting applications, verification and implementation of incentives and/or Investment Facilities are referred to in Article 11 to 13 are further regulated in the Regent's Regulations.

CHAPTER VI
TIME PERIOD AND FREQUENCY OF INCENTIVE GRANTING AND/OR
PROVIDING INVESTMENT FACILITIES

Article 15

1. The Regional Government provides incentives and/or investment facilities with a maximum period of 2 (two) years during the operation of business activities with a frequency of at least 1 (one) time.
2. Specifically incentives in the form of reductions in Regional Taxes and/or Regional Levies for Communities and/or Investors who run their businesses in Special Economic Zones, they are given for a maximum period of 3 (three) years.

Article 16

Further provisions regarding the time period and frequency of implementation of Incentives and/or Provisions Providing Investment Facilities are regulated in Regent Regulations.

CHAPTER VII
REPORTING AND EVALUATION

Article 17

1. The public and/or investors who receive incentives and/or investment facilities must submit periodic reports to the Regent through the Regional Apparatus that carries out government affairs in the investment sector.
2. The report as intended in paragraph (1), contains at least:
 - a. Name of business entity;
 - b. Business fields;
 - c. Number of permanent workers;
 - d. Type of incentives obtained;
 - e. The type of convenience obtained;
 - f. Sales turnover value before and after receiving incentives; and
 - g. Use of incentives.
3. Obligation to the report for the Community and/or Investors as intended in paragraph (1) at least once a year.

Article 18

1. The Regent evaluates the effectiveness of the implementation of Incentives and/or Investment Facilities that have been provided to the Community and/or Investors.

2. In carrying out the evaluation as intended in paragraph (1), the Regent delegates to the head of regional apparatus who carries out government affairs in the field of investment.
3. The evaluation as intended in paragraph (1) is carried out at least once a year.
4. In the event that the evaluation results as intended in paragraph (1) state that they still meet the criteria and the period for Providing Incentives and/or Providing Investment Facilities has not ended, then Providing Incentives and/or Providing Investment Facilities continues.
5. In the event that the evaluation results as intended in paragraph (1) state that it no longer meets the criteria and the period for Providing Incentives and/or Providing Investment Facilities has not expired, then the Provision of Incentives and/or Providing Investment Facilities is revoked.
6. In the event that the evaluation results as intended in paragraph (1) stat that they still meet the criteria and the period for Providing Incentives and/or Providing Investment Facilities ends immediately, then The public and/or investors can apply for an extension of the provision of incentives and/or the provision of investment facilities up to 1 (one) time.
7. The revocation and extension of the Provision of Incentives and/or the Provision of Investment Facilities as referred to in paragraph (5) and paragraph (6) is determined by a Regent's Decree.

Article 19

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

CHAPTER VIII PARTICIPATION OF THE COMMUNITY/LEGAL ENTITIES

Article 20

1. The public/legal entity can report to the Regional Government any violation of this Regional Regulation by investors who have received incentives and/or investment facilities.
2. The Regional Government must follow up on reports received from the public/legal entities as intended in paragraph (1) in accordance with the provisions of statutory regulations.

CHAPTER IX
SYNERGITY/REGIONAL COOPERATION

Article 21

1. Regional Governments can build synergy/cooperation Providing Incentives and/or Providing Investment Facilities.
2. Synergy as referred to in paragraph (1) is a form of central government support in providing incentives and/or providing investment facilities in accordance with the provisions of statutory regulations.
3. Cooperation as referred to in paragraph (1) is a form of regional cooperation in Providing Incentives and/or Providing Investment Facilities in accordance with the provisions of statutory regulations.

CHAPTER X
FINANCING

Article 22

The cost required for the implementation of Providing Incentives and/or Providing Investment Facilities to the Community and/or Investors are borne by:

1. Regional Revenue and Expenditure Budget; and/or
2. Other sources that are legal and non-binding based on statutory provisions.

CHAPTER XI
CLOSING

Article 23

The implementing regulations for this Regional Regulation are stipulated no later than 1 (one) year after this Regional Regulation is promulgated.

Article 24

When this Regional Regulation comes into force, Regional Regulation Number 26 of 2011 concerning Providing Incentives and Providing Facilities for Investment in Kendal Regency (Kendal Regency Regional Gazette Number 90) is revoked and declared invalid.

Article 25

This Regional Regulation comes into force when it is date promulgated. So that every person knows it, instruct invitation this Regulation Area with placement in the Kendal Regency Regional Gazette.

Set in Kendal
On July 10th, 2023

REGENT OF KENDAL

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DICO M GANINDUTO