

REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 142 OF 2015
ON
INDUSTRIAL ESTATE

BY THE BLESSINGS OF THE ALMIGHTY GOD

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement Article 63 section (5) and Article 108 of Law Number 3 of 2014 on Industrial Affairs, it is necessary to establish a Government Regulation on Industrial Estate;

Observing : 1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 7 of 1983 on Income Tax as amended several times, last by Law Number 36 of 2008 on Income Tax (State Gazette of the Republic of Indonesia of 2008 Number 133, Supplement to the State Gazette of the Republic of Indonesia Number 4893);
3. Law Number 3 of 2014 on Industrial Affairs (State Gazette of the Republic of Indonesia of 2014 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 5492);

HAS DECIDED:

To issue : GOVERNMENT REGULATION ON INDUSTRIAL ESTATE.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Industry means all forms of economic activities which process raw materials and/or utilize industrial resources to produce goods of added value or of higher utility, including industrial services.
2. Industrial Company means any person which conducts Industrial business activities and is domiciled in Indonesia.
3. Industrial Allocated Zone means a spread of land which is allocated for Industrial activities based on an area spatial plan as stipulated in accordance with the laws and regulations.
4. Industrial Estate means an estate wherein Industrial activities are centralized, complete with supporting facilities and infrastructure which are developed and managed by an Industrial Estate Company.
5. Industrial Estate Company means any company which undertakes the development and management of an Industrial estate.
6. Principle Permit means a permit granted to an enterprise in the form of a legal entity to acquire land, develop Industrial Estates infrastructure as well as to install other equipment and preparations necessary to establish an Industrial Estate.
7. Industrial Estate Business Permit (*Izin Usaha Kawasan Industri*), hereinafter referred to as IUKI, means a permit granted to develop and manage an Industrial Estate.
8. Industrial Estate Expansion, hereinafter referred to as Estate Expansion, means the extending of land area for an Industrial Estate to its land area as set out in the IUKI.
9. Industrial Estate Regulation means rules stipulated by an Industrial Estate Company which regulate the rights and obligations of such company, an Industrial Estate managing company and Industrial Companies under the management and utilization of Industrial Estates.

10. Industrial Estate Committee means an organization formed by the Minister with the task of assisting in the implementation of policies for the development and management of Industrial Estates.
11. Industrial Development Region (*Wilayah Pengembangan Industri*), hereinafter referred to as WPI, means the division of regions within the Unitary State of the Republic of Indonesia based on backward and forward linkages for their resources and supporting facilities as well as with due regard to the extent of their influence on Industrial development activities.
12. Minister means the minister administering government affairs in the industrial field.

Article 2

- (1) In order to support Industrial activities, Industrial Estates are developed as industrial infrastructure.
- (2) The objectives of the development of Industrial Estates as referred to in section (1) are:
 - a. to accelerate the spread and even distribution of Industrial development;
 - b. to improve Industrial development efforts with environment-based perspective;
 - c. to enhance investment competitiveness and Industrial competitiveness; and
 - d. to provide location certainty in accordance with the spatial plan.
- (3) The development of Industrial Estates as referred to in section (2) conducted within Industrial Allocated Zones (*Kawasan Peruntukan Industri, KPI*) in accordance with the National Area Spatial Plan, Provincial Area Spatial Plan and/or Regency/City Area Spatial Plan (*Rencana Tata Ruang Wilayah, RTRW*).

CHAPTER II
AUTHORITIES OF THE GOVERNMENT IN THE DEVELOPMENT
OF INDUSTRIAL ESTATES

Article 3

The Minister, governor, regent/mayor are responsible to achieve the objectives of Industrial Estates development in accordance with their respective authorities.

Article 4

The authorities of the Minister as referred to in Article 3 cover:

- a. regulating, fostering and Industrial Estates development;
- b. planning on Industrial Estates development;
- c. provision of Industrial Estates infrastructure;
- d. initiative for Industrial Estates development by the government;
- e. stipulation of Industrial Estate standards;
- f. stipulation of technical guidelines for Industrial Estates development;
- g. facilitations for the settlement of issues related to Industrial Estates establishment and development, among others land, infrastructure, undistilled water, energy, manpower and licensing;
- h. stipulation of an Industrial Estate as a national vital object in the Industrial sector;
- i. stipulation of guidelines on reference sales price or rent of Industrial blocks and/or buildings within an Industrial Estate based on Industrial Estate Committee proposals; and
- j. establishment of the Industrial Estate Committee.

Article 5

The authorities of a governor or a regent/mayor as referred to in Article 3 cover:

- a. planning on Industrial Estates development;
- b. provision of Industrial Estates infrastructure;
- c. granting of easing in land acquisition/relinquishment in areas allocated for Industrial Estates development;

- d. administering of one-stop integrated services in accordance with the laws and regulations;
- e. granting of incentives and other easing in accordance with the laws and regulations;
- f. structuring of Industries in order to be located at Industrial Estates; and
- g. supervision on the development of Industrial Estates.

CHAPTER III DEVELOPMENT OF INDUSTRIAL ESTATES

Part One General

Article 6

- (1) Industrial Estates development is conducted by an enterprise in the form of a legal entity which is established under the laws of Indonesia and domiciled in Indonesia.
- (2) The enterprise as referred to in section (1) may be in the form of:
 - a. State-Owned Enterprise or Region-Owned Enterprise;
 - b. Cooperative; and
 - c. Limited Liability Company.

Article 7

- (1) The Industrial Estate as referred to in Article 6 is developed on a land area of at least 50 (fifty) hectares in one spread of land.
- (2) In the event an Industrial Estate is allocated for Small-Sized and Medium-Sized Industries, the Estate may be developed on a land area of at least 5 (five) hectares in one spread of land.

Article 8

- (1) An Industrial Estate may be stipulated as a national strategic zone.

- (2) The stipulation of an Industrial Estate as a national strategic zone as referred to in section (1) is conducted in accordance with the laws and regulations.

Article 9

- (1) Industrial Estates development is conducted in accordance with the technical guidelines for Industrial Estates development.
- (2) The technical guidelines for Industrial Estates development as referred to in section (1) contain at least:
 - a. location selection;
 - b. licensing;
 - c. land procurement;
 - d. site preparation;
 - e. construction of infrastructure; and
 - f. management.
- (3) The technical guidelines for Industrial Estates development as referred to in section (2) are stipulated by the Minister.

Part Two

Infrastructure of Industrial Estates

Article 10

- (1) In accordance with their respective authorities, the Government and/or Local Governments provide:
 - a. Industrial infrastructure; and
 - b. Industrial supporting infrastructure.
- (2) The Industrial infrastructure as referred to in section (1) point a covers at least:
 - a. energy and electricity networks;
 - b. telecommunication networks;
 - c. water source networks and guarantee of undistilled water supply;
 - d. sanitation; and
 - e. transportation networks.
- (3) The industrial supporting infrastructure as referred to in section (1) point b covers at least:

- a. housing;
- b. education and training;
- c. research and development;
- d. health;
- e. fire extinguishing; and
- f. waste disposal sites.

Article 11

- (1) An Industrial Estate Company is required to provide basic infrastructure at an Industrial Estate, which covers at least:
 - a. undistilled water treatment installations;
 - b. waste water treatment installations;
 - c. sewer drains;
 - d. street lighting installations; and
 - e. road networks.
- (2) An Industrial Estate Company may provide supporting infrastructure and supporting facilities within an Industrial Estate.

CHAPTER IV

IUKI

Part One

General

Article 12

- (1) Any business activity at an Industrial Estate is required to own IUKI.
- (2) IUKI as referred to in section (1) is only granted for a business activity at an Industrial Estate which is located within an Industrial Allocated Zone in accordance with the national area spatial plan, the provincial area spatial plan or the regency/city area spatial plan.
- (3) IUKI as referred to in section (1) is granted in accordance with a location permit for Industrial Estate business activities.

- (4) IUKI as referred to in section (1) is granted by the Minister, governor, regent/mayor in accordance with their respective authorities.

Article 13

- (1) IUKI is granted to an enterprise as referred to in Article 6 to conduct Industrial Estate business activities.
- (2) The enterprise as referred to in section (1) which already owns IUKI constitutes an Industrial Estate Company.
- (3) IUKI as referred to in section (1) is valid as long as the Industrial Estate Company administers Industrial Estate development and management activities.

Part Two

Authorities for the Granting of IUKI

Article 14

- (1) The Minister is authorized to grant IUKI as referred to in Article 12 for Industrial Estates which are located in between provincial areas and/or for foreign investment purposes.
- (2) The Minister may delegate the authority to grant IUKI to heads of central government agencies which administer one-stop integrated services in accordance with the laws and regulations.

Article 15

- (1) A governor is authorized to grant IUKI as referred to in Article 12 for Industrial Estates which are located in between regency/municipal areas.
- (2) A governor delegates the authority to grant IUKI as referred to in section (1) to heads of provincial government agencies which administer one-stop integrated services.

Article 16

- (1) A regent/mayor is authorized to grant IUKI as referred to in Article 12 for Industrial Estates which are located within the relevant regency/municipal area.

- (2) A regent/mayor delegates the authority to grant IUKI as referred to in section (1) to heads of regency/municipal government agencies which administer one-stop integrated services.

Article 17

The head of the central government agency which administers one-stop integrated services as referred to in Article 14 section (2), the heads of provincial government agencies as referred to in Article 15 section (2) and the heads of regency/municipal government agencies as referred to in Article 16 section (2) are required to refer to the norms, standards, procedures and criteria for the granting of IUKI as stipulated by the Minister in granting IUKI to Companies which conduct Industrial Estate business activities.

Article 18

The Minister together with governors/regents/mayors provide guidance on the granting of IUKI by heads of government agencies which administer one-stop integrated services as referred to in Article 17.

Part Three

Procedures for the Granting of IUKI

Paragraph 1

Principle Permit

Article 19

- (1) The granting of IUKI as referred to in Article 12 is made by means of a Principle Permit.
- (2) The Principle Permit as referred to in section (1) is granted to a company which conducts Industrial Estate business activities to prepare Industrial Estate land until it is ready for use, to prepare Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup, Amdal*) and traffic impact analysis (*Analisis Dampak Lalu Lintas,*

ANDALALIN), to conduct planning and construction of Industrial Estates infrastructure, as well as other preparations.

- (3) An application for the Principle Permit as referred to in section (1) is submitted to the Minister, governor and regent/mayor in accordance with their respective authorities by way of one-stop integrated services.
- (4) An application for the Principle Permit as referred to in section (3) attaches at least:
 - a. copy of deed of establishment of the company, as ratified by the minister administering government affairs in the Legal field or by the minister administering government affairs in the Cooperatives field for an applicant having status as a Cooperative;
 - b. copy of taxpayer identification number of the company;
 - c. sketch of location plan (village, district, regency/municipality, province);
 - d. statement from the company that the location plan is situated within an Industrial Allocated Zone in accordance with the Regional Spatial Plan; and
 - e. specifically for foreign investment, requirements as stipulated under the laws and regulations also need to be attached.

Article 20

Within a period of not later than 5 (five) working days as of receipt of the application and in accordance with their respective authorities, the Minister, governor and regent/mayor:

- a. issue a Principle Permit in the event all requirements have been completely and correctly fulfilled; or
- b. reject an application in the event there is a discrepancy in the documents as referred to in Article 19 section (4).

Article 21

- (1) A Principle Permit as referred to in Article 19 is valid for 3 (three) years and may be extended 2 (two) times for a period of respectively 1 (one) year.

- (2) An extension of the Principle Permit as referred to in section (1) may be granted on the condition that Industrial Estate land area preparations are still ongoing until such land is ready for use, Amdal is being completed, Industrial Estates infrastructure is being constructed and other preparations are being conducted in the land area as referred to in Article 7.

Article 22

A company which will conduct Industrial Estate business activities and already owns the Principle Permit is prohibited from assigning, selling and/or renting its Industrial land blocks.

Paragraph 2

IUKI

Article 23

- (1) A company which will conduct Industrial Estate business activities and already owns a Principle Permit may submit an IUKI application, provided that it has:
 - a. conducted Industrial Estate land preparations until such land is ready for use in the land area as referred to in Article 7;
 - b. constructed part of basic Industrial Estates infrastructure;
 - c. formed the management of the Industrial Estate; and
 - d. constructed a management building.
- (2) IUKI may be granted only for a land area which is ready for use and already in the possession of the company, as evidenced by a Letter on Rights Relinquishment or a land certificate.
- (3) The fulfillment of the provisions as referred to in section (1) is evidenced by a site inspection which is set out in a minutes of inspection.
- (4) The IUKI application as referred to in section (1) is submitted to the Minister, governor and regent/mayor in accordance with their respective authorities by way of one-stop integrated services.

- (5) The IUKI application as referred to in section (4) attaches at least:
 - a. copy of deed of establishment of the company and/or its amendments, as ratified by the minister administering government affairs in the Legal field or by the minister administering government affairs in the Cooperatives field for an applicant having status as a Cooperative;
 - b. Principle permit;
 - c. copy of location permit;
 - d. copy of environmental permit;
 - e. report on Industrial Estate data regarding the progress of the Industrial Estate development for the past quarter;
 - f. Industrial Estate regulation;
 - g. composition of administrators/ management of the Industrial Estate.
- (6) The IUKI application as referred to in section (5) does not apply to licensing involving nuisance.

Article 24

- (1) Within a period of not later than 5 (five) working days as of the receipt of a complete and correct application, the Minister, governor and regent/mayor conduct field inspections in accordance with their respective authorities , the results of which are set out in a minutes of inspection.
- (2) Based on the results of the minutes of inspection as referred to in section (1), the Minister, governor and regent/mayor in accordance with their respective authorities will issue or reject the IUKI application not later than 5 (five) working days as of the receipt of the minutes of inspection.
- (3) The application is rejected if, based on the results of the inspection as referred to in section (1), the application does not fulfill the provisions as referred to in Article 23 section (1) and/or there is a discrepancy in the documents as referred to in Article 23 section (5).

Article 25

Further regulations concerning procedures for the granting of IUKI are regulated in a Ministerial Regulation.

Part Four

Industrial Estate Expansion Permit

Article 26

- (1) An Industrial Estate Company conducting the expansion of an estate must own an Industrial Estate Expansion Permit.
- (2) Before submitting an application for the Industrial Estate Expansion Permit as referred to in section (1), an Industrial Estate Company must have already possessed and completed preparations of the Industrial Estate land until it is ready for use, prepared amendments to Amdal, conducted planning and construction of Industrial Estates infrastructure, as well as other preparations for the purposes of expanding an estate.
- (3) The expansion of an Industrial Estate as referred to in section (1) is conducted within an Industrial Allocated Zone.

Article 27

- (1) An Industrial Estate Company as referred to in Article 26 section (1) submits an application to the Minister, governor and regent/mayor in accordance with their respective authorities by way of one-stop integrated services.
- (2) The application for an Industrial Estate Expansion Permit as referred to in section (1) at least attaches :
 - a. copy of IUKI;
 - b. estate expansion plan documents;
 - c. Industrial Estate data for the past 2 (two) years;
 - d. amendments to the environmental permit;
 - e. copy of composition of administrators/management of the Industrial Estate; and
 - f. other documents as required under the laws and regulations.

- (3) An Industrial Estate Expansion Permit is granted only for a land area which is ready for use and already in the possession of the company, as evidenced by a Letter on Rights Relinquishment or a land certificate.
- (4) The fulfillment of the provisions as referred to in Article 26 section (2) and section (3) is conducted by way of a site inspection, the results of which are set out in a Minutes of Inspection.

Article 28

Within a period of not later than 5 (five) working days as of the receipt of a minutes of inspection, the Minister, governor and regent/mayor in accordance with their respective authorities:

- a. issue an Industrial Estate Expansion Permit in the event all provisions and requirements have been completely and correctly fulfilled; or
- b. reject the application in the event the provisions as referred to in Article 26 have not been fulfilled and/or there is a discrepancy in the documents as referred to in Article 27 section (2) and section (3).

Article 29

The issuance of Principle Permits, IUKI and Industrial Estate Expansion Permits is free of charge.

Article 30

Further provisions concerning procedures for the issuance of Industrial Estate Expansion Permits are regulated in a Ministerial Regulation.

CHAPTER V RIGHT TO USE OVER INDUSTRIAL ESTATE LAND

Article 31

- (1) An Industrial Estate Company which already owns IUKI may be granted Right of Building title over the land that will be exploited and developed.

- (2) The Right of Building title over the Industrial Estate as referred to in section (1) may be split into Right of Building titles for each land block.
- (3) The splitting of the Right of Building title for each land block as referred to in section (2) is conducted by and form the responsibility of the Industrial Estate Company.
- (4) Provisions and procedures for the granting of the Right of Building title and the splitting of the Right of Building title for each land block as referred to in section (1) and section (2) are conducted in accordance with the laws and regulations.

Article 32

- (1) In the event the Industrial Estate Company as referred to in Article 31 constitutes a state-owned enterprise or a region-owned enterprise, such Industrial Estate Company may be granted a Right of Management in accordance with the laws and regulations.
- (2) Right of Building title may be granted over the Right of Management as referred to in section (1).
- (3) The Right of Building title as referred to in section (2) may be granted for each land block or a combination of several blocks.

CHAPTER VI

MANAGEMENT OF INDUSTRIAL ESTATE

Article 33

- (1) The management of an Industrial Estate is conducted by an Industrial Estate Company.
- (2) The Industrial Estate Company as referred to in section (1) may appoint another party to manage the Industrial Estate.
- (3) The appointment of another party as referred to in section (2) is notified to the grantor of IUKI.
- (4) The appointment of another party to manage an Industrial Estate as referred to in section (2) does not prejudice the responsibilities of the relevant Industrial Estate Company.

- (5) Further provisions concerning the management of an Industrial Estate are regulated in a Ministerial Regulation.

CHAPTER VII
OBLIGATIONS OF INDUSTRIAL ESTATE COMPANY AND
INDUSTRIAL COMPANY

Part One

Obligations of Industrial Estate Company

Article 34

- (1) An Industrial Estate Company must allocate land for the activities of small-sized and medium-sized Industries.
- (2) The land area for the activities of small-sized and medium-sized Industries is stipulated from the total Industrial land block area.
- (3) The land as referred to in section (2) may be stipulated as a center for small-sized and medium-sized Industries by the Government or a Regional Government.
- (4) Further provisions concerning the provision allocation of land for the activities of small-sized and medium-sized Industries as referred to in section (1) and section (2) are regulated in a Ministerial Regulation.

Article 35

- (1) An Industrial Estate Company must own an Industrial Estate Regulation.
- (2) The Industrial Estate Regulation as referred to in section (1) at least contains information concerning:
 - a. rights and obligations of each party;
 - b. provisions related to the management and monitoring of the environment pursuant to the study results of Amdal, Environmental Management Plan and Environmental Monitoring Plan;
 - c. provisions of related laws and regulations; and
 - d. other provisions as stipulated by the management of the Industrial Estate.

- (3) The management of an Industrial Estate facilitates one-stop licensing services to enable the provision of fast services in accordance with regulations of the chairman of the central government agency administering investment services and one-stop integrated services.
- (4) The management of an Industrial Estate facilitates industrial relations for Industrial Companies within an Industrial Estate.
- (5) An Industrial Estate Company which already owns a Principle Permit, IUKI and/or an Industrial Estate Expansion Permit must periodically submit Industrial Estate Data to the Minister, governor and/or regent/mayor in accordance with the IUKI.
- (6) Procedures for submission of the Industrial Estate Data as referred to in section (5) are conducted in accordance with the laws and regulations.

Part Two

Obligations of Industrial Company

Article 36

- (1) An Industrial Company that will undertake industrial activities must be located at an Industrial Estate.
- (2) The obligation to be located at an Industrial Estate as referred to in section (1) does not apply to an Industrial Company that will undertake Industrial activities and is located at a regency/municipal area which:
 - a. does not yet have an Industrial Estate; or
 - b. already has an Industrial Estate but its Industrial blocks are fully occupied.
- (3) Exceptions to the obligation to be located at an Industrial Estate as referred to in section (1) also apply to:
 - a. small-sized and medium-sized Industries which do not potentially cause wide ranging environmental pollution; or
 - b. an Industry which utilizes specific raw materials and/or which production process requires a specific location.

- (4) An Industrial Company which has been exempted as referred to in section (2) and any medium-sized Industrial Company as referred to in section (3) point a must be located within an Industrial Allocated Zone.
- (5) The Industries as referred to in section (3) are stipulated by the Minister.

Article 37

- (1) An Industrial Company located within an Industrial Allocated Zone that will conduct expansion by extending land must be located at an Industrial Estate.
- (2) The provisions as referred to in section (1) do not apply to the Industrial Companies as referred to in Article 36 section (2) and section (3).

Part Three

Obligations of Industrial Company Located at an Industrial Estate

Article 38

- (1) An Industrial Company located at an Industrial Estate is required to have:
 - a. Environmental Management Efforts; and
 - b. Environmental Monitoring Efforts.
- (2) An Industrial Company located at an Industrial Estate, which business activities involve the processing or utilization of hazardous and toxic waste, must prepare Amdal which is ratified by the authorized institution.
- (3) The obligation to prepare AMDAL as referred to in section (2) does not apply if such Industrial Estate AMDAL already covers/fulfills the activities of processing or utilizing hazardous and toxic waste.
- (4) An Industrial Company located at an Industrial Estate is exempt from licensing involving nuisance, the environment, location, place of business, land use allocation, approval on site plan and Traffic Impact Analysis (ANDALALIN).

- (5) Exemption in the form of environmental licensing as referred to in section (4) does not override the obligations and responsibilities of an Industrial Company located at an Industrial Estate to manage the environment.

Article 39

- (1) Any Industrial Company located at an Industrial Estate must:
 - a. fulfill the provisions of Industrial business licensing;
 - b. fulfill the provisions of the prevailing Industrial Estate Regulation;
 - c. maintain environmental support capacity in surrounding vicinities, including not to retrieve ground water;
 - d. construct a factory within a period of not later than 4 (four) years as of the purchase and/or renting of land, which may be extended for 1 (one) year; and
 - e. return the Industrial block to an Industrial Estate Company if, within the prescribed period as referred to in point d, it fails to construct a factory.
- (2) An Industrial Company which returns the Industrial block to an Industrial Estate company as referred to in section (1) point e is entitled to receive refund money as agreed to between the parties.
- (3) Procedures for the returning of the Industrial block as referred to in section (1) point e are further regulated in the Industrial Estate Regulation for each Industrial Estate.

Article 40

- (1) An Industrial Company located at an Industrial Estate may conduct logistic activities.
- (2) The logistic activities as referred to in section (1) may also be conducted by a logistic company.
- (3) The logistic activities as referred to in section (1) and section (2) are conducted in accordance with the laws and regulations.

CHAPTER VIII
INDUSTRIAL ESTATE FACILITIES

Article 41

- (1) An Industrial Estate Company and an Industrial Company located at an Industrial Estate is granted taxation incentives.
- (2) The taxation incentives as referred to in section (1) is granted based on the division of WPI.
- (3) If in the granting of taxation incentives there is a change in the division of WPI, then such matter will be regulated in a regulation of the minister administering government affairs in the finance field based on proposals of the Minister.
- (4) Further provisions concerning the taxation incentives as referred to in sections (1) and (2) are regulated in a regulation of the minister administering government affairs in the finance field.

Article 42

- (1) An Industrial Estate Company is granted facilities for the construction and management of power plant for its own use and the use of industries within an Industrial Estate.
- (2) Further provisions concerning facilities for the construction and management of the power plant as referred to in section (1) are regulated in a regulation of the minister administering government affairs in the field of energy and mineral resources.

Article 43

- (1) An Industrial Estate Company and an Industrial Company located at an Industrial Estate may be granted regional incentives.
- (2) Provisions concerning the regional incentives as referred to in section (1) are stipulated in accordance with the laws and regulations.

CHAPTER IX
INDUSTRIAL ESTATE STANDARDS

Article 44

- (1) An Industrial Estate Company must fulfill Industrial Estate standards.
- (2) The Industrial Estate standards as referred to in section (1) covers:
 - a. Industrial Estate infrastructure;
 - b. environmental management; and
 - c. management and services.
- (3) An Industrial Estate Company which fulfills Industrial Estate standards is granted accreditation.
- (4) The accreditation of an Industrial Estate as referred to in section (3) is conducted by the Industrial Estate Accreditation Committee as appointed by the Minister.
- (5) If the Industrial Estate Accreditation Committee is not yet in place, the Minister may assign the Industrial Estate Committee.
- (6) Provisions concerning the Industrial Estate Standards and the Industrial Estate Accreditation as referred to in section (2) and section (3) are further regulated in a Ministerial Regulation.

CHAPTER X
INITIATIVE OF THE GOVERNMENT
IN DEVELOPMENT OF INDUSTRIAL ESTATES

Article 45

- (1) The Government may initiate the development of Industrial Estates as Industrial infrastructure:
 - a. in the event the private sector is not interested in nor unable to develop an Industrial Estate; and/or
 - b. to accelerate the spread and even distribution of Industrial development.
- (2) For the purposes of initiating the development of Industrial Estates as referred to in section (1), the Government may conduct:

- a. self-supporting development activities; or
 - b. cooperation with a State-Owned Enterprise (BUMN)/Region-Owned Enterprise (BUMD) and the Private Sector in accordance with the laws and regulations.
- (3) Further provisions concerning the development of Industrial Estates as referred to in section (1) are regulated in a Ministerial Regulation.

Article 46

- (1) The development and management of Industrial Estates as referred to in Article 45 are conducted by the Public Service Agency for the provision of Industrial infrastructure.
- (2) Further provisions concerning the Public Service Agency as referred to in section (1) are in accordance with prevailing laws and regulations.

Article 47

- (1) Licensing for an Industrial Estate which is initiated by the Government is submitted by the Public Service Agency as referred to in Article 46 section (1).
- (2) If the Public Service Agency is not yet established, licensing for an Industrial Estate which is initiated by the Government is submitted by a working unit within the ministry administering industrial affairs.
- (3) Regional Governments must facilitate and grant easing in the licensing process as referred to in section (1).

Article 48

- (1) The Government may conduct land procurement in accordance with land procurement laws and regulations.
- (2) The land as referred to in section (1) is granted Right of Management in accordance with the laws and regulations.
- (3) Right of Building title may be granted over the Right of Management as referred to in section (2).

Article 49

- (1) Land utilization by an Industrial Company is set out in a written agreement.
- (2) The written agreement as referred to in section (1) at least contains:
 - a. term of the land utilization;
 - b. amount of the utilization fee; and
 - c. land utilization by the Industrial Company in accordance with the terms agreed.
- (3) Provisions concerning land utilization procedures and requirements are regulated in a Ministerial Regulation.

Article 50

Provisions concerning Industrial Estates development, licensing, facilities and standards apply *mutatis mutandis* to Industrial Estates development as initiated by the Government.

CHAPTER XI

INDUSTRIAL ESTATE COMMITTEE

Article 51

- (1) For the purpose of supporting Industrial Estates development, Industrial Estate Committee is established.
- (2) Membership of the Industrial Estate Committee as referred to in section (1) consists of elements from the Government, Regional Governments, the Indonesian Industrial Estate Association and the chamber of commerce and industry responsible for Industrial Estates as designated and stipulated by the Minister.

Article 52

- (1) The Industrial Estate Committee has the following duties:
 - a. to provide proposals and suggestions to the Minister as materials for the formulation of policies;
 - b. to supervise the conducting of development of Industrial Estates;

- c. to coordinate with related Government agencies and/or regional governments and Industrial Estate Companies;
 - d. to evaluate the progress of Industrial Estates development;
 - e. to propose price references for the sale or rent of Industrial blocks and/or buildings within Industrial Estates; and
 - f. to conduct the Industrial Estates accreditation duty as assigned by the Minister.
- (2) The Industrial Estate Committee is required to report on its duties to the Minister at least 2 (two) times in 1 (one) year.
- (3) Further provisions concerning procedures for the submission of reports are regulated in a Ministerial Regulation.

CHAPTER XII ADMINISTRATIVE SANCTIONS

Article 53

A company that conducts Industrial Estate business activities and does not own IUKI as referred to in Article 12 section (1) is imposed with administrative sanctions in the form of:

- a. written warnings;
- b. administrative fines; and/or
- c. suspension.

Article 54

An Industrial Estate Company that conducts expansion but does not own the Industrial Estate Expansion Permit as referred to in Article 26 section (1) is imposed with administrative sanctions in the form of:

- a. written warnings;
- b. administrative fines; and/or
- c. suspension.

Article 55

An Industrial Estate Company that does not own the Industrial Estate Regulation as referred to in Article 35 section (1) is

imposed with administrative sanction in the form of written warnings.

Article 56

An Industrial Estate Company that does not submit the Industrial Estate data as referred to in Article 35 section (5) is imposed with administrative sanction in the form of written warnings.

Article 57

An Industrial Estate Company that does not fulfill the Industrial Estate standards as referred to in Article 44 section (1) is imposed with administrative sanctions in the form of:

- a. written warnings;and/or
- b. administrative fines.

Article 58

The written warnings as referred to in Article 53 point a are imposed for a maximum 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 59

- (1) A company that has been imposed with administrative sanction in the form of written warnings and fails to apply for IUKI within the period as referred to in Article 58 is imposed with administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) are imposed for a maximum 1% (one percent) of the investment value of the Industrial Estate.
- (3) The investment value of the Industrial Estate as referred to in section (2) is based on the results of audit of an independent institution.
- (4) The payment of administrative fines as referred to in section (3) is made not later than 30 (thirty) days as of the receipt of letter imposing such fines.

Article 60

- (1) A company that does not fulfill its obligation and does not pay administrative fines within the period as referred to in Article 59 section (4) is imposed with administrative sanction in the form of suspension of its Industrial Estate activities.
- (2) In the event a company already paid the administrative fines but fails to fulfill its obligation within a period of 30 (thirty) days as of the due date for such payment, it is imposed with administrative sanction in the form of suspension of its Industrial Estate activities.
- (3) The administrative sanction in the form of suspension as referred to in section(1) and section(2) is imposed until the relevant company acquires IUKI in accordance with the laws and regulations.

Article 61

The written warnings as referred to in Article 54 point a are imposed for a maximum 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 62

- (1) An Industrial Estate Company that has been imposed with administrative sanction in the form of written warnings and fails to apply for the Industrial Estate Expansion Permit within the period as referred to in Article 61 is imposed with administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) are imposed for a maximum 1% (one percent) of the investment value for the expansion of the Industrial Estate.
- (3) The investment value for the expansion of the Industrial Estate as referred to in section (2) is based on the results of audit of an independent institution.
- (4) The payment of administrative fines as referred to in section (3) is made not later than 30 (thirty) days as of the receipt of letter imposing such administrative fines.

Article 63

- (1) An Industrial Estate Company that fails to fulfill its obligation and fails to pay administrative fines within the period as referred to in Article 62 section (4) is imposed with administrative sanction in the form of suspension of its Industrial Estate expansion activities.
- (2) In the event an Industrial Estate Company already paid the administrative fines but fails to fulfill its obligation within a period of 30 (thirty) days as of the due date for such payment, it is imposed with administrative sanction in the form of suspension of its Industrial Estate expansion activities.
- (3) The administrative sanction in the form of suspension as referred to in section (1) and section (2) is imposed for a period of not later than 90 (ninety) days as of the date of receipt of letter on such suspension.

Article 64

If within the period of the suspension as referred to in Article 63 section (3) an Industrial Estate Company fails to own the Industrial Estate Expansion Permit, such Permit cannot be issued over the expansion land.

Article 65

The written warnings as referred to in Article 55 are imposed 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 66

The written warnings as referred to in Article 56 are imposed 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 67

The written warnings as referred to in Article 57 are imposed 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 68

- (1) An Industrial Estate Company that has been imposed with administrative sanction in the form of written warnings and fails to make improvements on its fulfillment of the Industrial Estate standards within the period as referred to in Article 67 is imposed with administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) are imposed for a maximum 1% (one percent) of the investment value of the Industrial Estate.
- (3) The investment value of the Industrial Estate as referred to in section (2) is based on the results of audit of an independent institution.
- (4) The payment of administrative fines as referred to in section (3) is made not later than 30 (thirty) days as of the receipt of letter imposing such fines.

Article 69

- (1) The Minister, governors or regents/mayors in accordance with their respective authorities impose the administrative sanctions as referred to in Article 53, Article 54, Article 55, Article 56 and Article 57 to Industrial Estate Companies.
- (2) The administrative sanctions as referred to in section (1) are imposed based on the results of examination of reports which derive from:
 - a. complaints; and/or
 - b. follow-up on results of supervision.
- (3) The governors and regents/mayors as referred to in section (1) are required to refer to the norms, standards, procedures and criteria for the granting of administrative sanctions as stipulated by the Minister in imposing administrative sanctions.

Article 70

Governors and regents/mayors are required to submit reports on the imposition of administrative sanctions to the Minister.

Article 71

The administrative sanctions as referred to in Article 59 section (2), Article 62 section (2) and Article 68 section (2) constitute non-tax State revenues or regional revenues.

CHAPTER XIII
TRANSITIONAL PROVISIONS

Article 72

At the time this Government Regulation comes into effect:

- a. A permit in the form of IUKI or another similar permit that is already owned by an Industrial Estate is issued before this Government Regulation comes into effect remains in effect to the extent the company conducts Industrial Estate business activities;
- b. For an Industrial Estate Company that already owned a permit involving nuisance as a requirement of an application for IUKI or another similar permit issued before this Government Regulation comes into effect, such permit does not need to be renewed or extended;
- c. A company or an Industrial Estate Company that already submitted an application for licensing in the form of:
 1. Principle Permit;
 2. IUKI; and/or
 3. Industrial Estate Expansion Permit which application is being processed, must have such application adjusted with the provisions of this Government Regulation.
- d. An Industrial Company at an Industrial Estate that already acquired its Industrial business permit before this Government Regulation comes into effect may continue to conduct activities in accordance with the prescribed taxation incentives;
- e. Several Industrial Companies that were already established before this Government Regulation comes into effect, are situated within 1 (one) spread of land with a total land area of at least 20 (twenty) hectares and are located within an Industrial Allocated Zone may submit an application as an

Industrial Estate not later than 2 (two) years as of the promulgation of this Government Regulation; and

- f. The Industrial Estate National Team that is established based on Government Regulation Number 24 of 2009 conducts its duties up to the establishment of the Industrial Estate Committee based on this Government Regulation.

CHAPTER XIV CLOSING PROVISIONS

Article 73

At the time this Government Regulation comes into effect:

- a. Government Regulation Number 24 of 2009 on Industrial Estate is repealed and declared ineffective;
- b. All laws and regulations which constitute the implementing regulations of Government Regulation Number 24 of 2009 on Industrial Estate remain in effect to the extent they do not contravene with or are not yet regulated under a new implementing regulation based on this Government Regulation.

Article 74

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

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by its placement in State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 28 December 2015

PRESIDENT OF
THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta
on 28 December 2015

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2015 NUMBER 365

Jakarta, 31 August 2017

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

DIRECTOR GENERAL OF LEGISLATION,


WIDODO EKATJAHJANA

ELUCIDATION
OF
REGULATION OF THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA
NUMBER 142 OF 2015
ON
INDUSTRIAL ESTATE

I. GENERAL

Industrial development constitutes one of the main pillars for the development of the national economy that is directed by applying principles for sustainable Industrial development which are based on the aspects of economic, social, cultural and environmental development. Industrial growth currently faces global competition that is highly influential on national Industrial development. The enhancement of Industrial competitiveness forms one of the options that must be undertaken so that products of the national Industry are able to compete both nationally and internationally.

Measures made to enhance competitiveness and investment attractiveness result from a conducive business climate, efficiency, legal certainty as well as the granting of fiscal facilities and other facilities in Industrial business activities by, among others, making available adequate Industrial locations in the form of Industrial Estates.

For the purposes of implementing Article 14 of Law Number 3 of 2014 on Industrial Affairs, the Government and/or Local Governments encourage the accelerated spread and even distribution of Industrial development in all territories of the Unitary State of the Republic of Indonesia through Industrial Estates development.

Industrial Estates development constitutes efforts to develop Industry with an environment-based perspective as well as to provide easing and investment attractiveness with approaches in the concepts of efficiency, spatial plan and the environment so as to encourage the increase of economic growth which is high and competitive, widespread and evenly distributed in all territories of the Unitary State of the Republic of Indonesia, as well as sustainable.

In addition, Industrial Estates Development provides location certainty in accordance with the National Area Spatial Plan, Provincial Area Spatial Plan and/or Regency/City Area Spatial Plan (*Rencana Tata Ruang Wilayah*, RTRW) as well as provides synergy for the planning and construction of industrial infrastructure, basic infrastructure, supporting infrastructure and supporting facilities for Industrial Estates.

This Government Regulation regulates matters which include authorities in Industrial Estates development of the Government, Provincial Governments and Regency/Municipal governments, Industrial Estates development, Government initiative in Industrial Estates development, IUKI, rights to use over Industrial Estate land, management of Industrial Estates, obligations of Industrial Estate Companies and Industrial Companies, Industrial Estate facilities, Industrial Estate Standards, Industrial Estate Committee as well as sanctions for Industrial Estate Companies and Industrial Companies that intentionally conduct any act which contravenes with the laws and regulations.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Point a

Sufficiently clear.

Point b

Sufficiently clear.

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

The term “guidelines on reference” means price references as may be referred to by industrial estates.

Point j

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Section (1)

Sufficiently clear.

Section (2)

Point a

The term “location selection” means the initial activities of collecting various data and information on a location to be developed as well as of assessing land needs, alternative locations and compliance of the utilization of the location with the local regional spatial plan.

Point b

The term “licensing” means permits required for Industrial Estates development.

Point c

Sufficiently clear.

Point d

Site preparation as referred to in this Government Regulation does not fall under a mining business activity.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Section (1)

Sufficiently clear.

Section (2)

Supporting facilities include hotels and restaurants, sport facilities, prayer facilities, banking facilities, post offices and other supporting facilities based on needs.

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.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Section (1)

Point a

Sufficiently clear.

Point b

The term “constructed part of basic Industrial Estates infrastructure” means the making available of road networks, sewer drains and water treatment plant.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

The term “nuisance” refers to that as mentioned in Hinderordonnantie, Staatsblad 1926:226.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Facilitate industrial relations by providing space, establishing forums and holding regular meetings.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 36

Section (1)

“An Industrial Company that will undertake industrial activities” refers to a new Industry or an Industry that conducts expansion at a different location.

Section (2)

Point a

Sufficiently clear.

Point b

The term “already has an Industrial Estate but its Industrial blocks are fully occupied” also refers to that of which Industrial blocks are inadequate.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Section (1)

Logistic activities cover: the activities of distribution, storage, sorting, labeling, packaging, re-packaging and others.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 41

Section (1)

Sufficiently clear.

Section (2)

The division of Industrial Development Regions (WPI) consists of:

- a. Developed WPI which cover WPI for Java.
- b. Developing WPI which cover WPI for the southern part of Sulawesi, WPI for the eastern part of Kalimantan, WPI for the northern part of Sumatera with the exceptions of Batam, Bintan and Karimun, and WPI for the southern part of Sumatera.
- c. Potential I (one) WPI which cover WPI for the northern part of Sulawesi, WPI for the western part of Kalimantan, and WPI for Bali and Nusa Tenggara.
- d. Potential II (two) WPI which cover WPI for Papua and WPI for West Papua.

WPI in the division of WPI may change.

Section (3)

The term “a change in the division of WPI” means any change of WPI from one group to another. For example, a potential I WPI changes to become a developing WPI, a developing WPI changes to become a developed WPI, and so forth.

Section (4)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Section (1)

Regional incentives cover the reduction or relief for exemption from regional taxes and/or regional retributions, for example any reduction of or exemption from Land and/or Building Title Transfer Duty (*Bea Perolehan Hak Atas Tanah dan/atau Bangunan*, BPHTB); Land and Building Tax (*Pajak Bumi dan Bangunan*, PBB) on land which have not been assigned to an Industrial Company within an Industrial Estate is subject to PBB rates for the original land; any reduction of or exemption from Road Lighting Tax, (*Pajak Penerangan Jalan PPJ*) for secondary roads within an Industrial Estate; and others pursuant to the laws and regulations.

Section (2)

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Section (1)

The Public Service Agency for the provision of Industrial infrastructure refers to a unit which has the duties of developing and managing Industrial Estates.

Section (2)

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Sufficiently clear.

Article 50

Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

Sufficiently clear.

Article 53

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

In the event Industrial Estate business activities are already ongoing, suspension is conducted by temporarily ceasing such activities until the company obtains IUKI.

Article 54

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

In the event expansion activities are already ongoing, suspension is conducted by temporarily ceasing Industrial Estate expansion activities until the company obtains IUKI.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear

Article 57

Sufficiently clear.

Article 58

Sufficiently clear.

Article 59

Sufficiently clear.

Article 60

Sufficiently clear.

Article 61

Sufficiently clear.

Article 62

Sufficiently clear.

Article 63

Sufficiently clear.

Article 64

Sufficiently clear.

Article 65

Sufficiently clear.

Article 66

Sufficiently clear.

Article 67

Sufficiently clear.

Article 68

Sufficiently clear.

Article 69

Sufficiently clear.

Article 70

Sufficiently clear.

Article 71

Sufficiently clear.

Article 72

Sufficiently clear.

Article 73

Sufficiently clear.

Article 74

Sufficiently clear.

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NUMBER 5806