

REGULATION OF THE REGENCY OF BANYUWANGI
NUMBER 3 OF 2020
ON
PROVISION OF INCENTIVES AND IMPLEMENTATION OF INVESTMENT
BY THE BLESSINGS OF ALMIGHTY GOD

REGENT OF BANYUWANGI,

- Considering :
- a. that investment is one of the factors driving economic growth that supports job creation, thereby reducing unemployment and reducing poverty and increasing people's purchasing power;
 - b. that in order to increase investment, it is necessary to create an investment climate and business climate that supports investors to increase their capital in Banyuwangi Regency by providing incentives and providing investment facilities;
 - c. that investment is one of the important elements in supporting economic growth, enhancing the capability and competitiveness of the region and creating public welfare, so it is necessary to encourage the performance of the investment sector to increase;
 - d. that the provision of incentives and ease of investment are carried out as an effort to increase investment in Banyuwangi Regency so as to realize an increase in community income, absorb local labor, improve public services and develop micro, small businesses and cooperatives, so that they can benefit the people of Banyuwangi Regency;

- e. that in order to implement the provisions of Article 7 of Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in Regions, it is deemed necessary to establish a Regional Regulation on Provision of Incentives and Implementation of Investment;
- f. that based on the considerations as referred to in point a, point b, point c, point d and point e, it is necessary to issue a Regional Regulation on Provision of Incentives and Implementation of Investment;

- Observing : 1. Article 18 section (6) of the 1945 Constitution of the Republic Indonesia;
2. Law of the Republic of Indonesia Number 12 of 1950 on Establishment of Regency Regions within the Province of East Java (State Gazette of the Republic of Indonesia Number 19 of 1950, Supplement to the State Gazette of the Republic of Indonesia Number 19) as amended by Law Number 2 of 1965 (State Gazette of the Republic of Indonesia Number 2 of 1965, Supplement to the State Gazette of the Republic of Indonesia Number 2730);
3. Law of the Republic of Indonesia Number 7 of 1983 on Income Tax (State Gazette of the Republic of Indonesia of 1983 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 3263) as amended several times, and last by Law Number 36 of 2008 (State Gazette of the Republic of Indonesia of 2008 Number 133, Supplement to the State Gazette of the Republic of Indonesia Number 4893);
4. Law of the Republic of Indonesia Number 25 of 1992 on Cooperatives (State Gazette of the Republic of Indonesia of 1992 Number 116, Supplement to the State Gazette of the Republic of Indonesia Number 3502);
5. Law of the Republic of Indonesia Number 28 of 1999 on State Administration that is Clean and Free from Corruption, Collusion and Nepotism (State Gazette of the Republic of Indonesia of 1999 Number 75, Supplement to the State Gazette of the Republic of Indonesia Number 3851);

6. Law of the Republic of Indonesia Number 13 of 2003 on Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279);
7. Law of the Republic of Indonesia Number 25 of 2007 on Investment (State Gazette of the Republic of Indonesia of 2007 Number 67, Supplement to the State Gazette of the Republic of Indonesia Number 4724);
8. Law of the Republic of Indonesia Number 20 of 2008 on Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia of 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866);
9. Law of the Republic of Indonesia Number 28 of 2009 on Regional Taxes and Regional Levies (State Gazette of the Republic of Indonesia of 2009 Number 130, Supplement to the State Gazette of the Republic of Indonesia Number 5019);
10. Law of the Republic of Indonesia Number 25 of 2009 on Public Services (State Gazette of the Republic of Indonesia of 2009 Number 112, Supplement to the State Gazette of the Republic of Indonesia Number 5038);
11. Law of the Republic of Indonesia Number 39 of 2009 on Special Economic Zones (State Gazette of the Republic of Indonesia of 2009 Number 147, Supplement to the State Gazette of the Republic of Indonesia Number 5066);
12. Law of the Republic of Indonesia Number 41 of 2009 on Protection of Sustainable Food Agricultural Land (State Gazette of the Republic of Indonesia of 2009 Number 149, Supplement to the State Gazette of the Republic of Indonesia Number 5068);
13. Law of the Republic of Indonesia Number 13 of 2010 on Horticulture (State Gazette of the Republic of Indonesia of 2010 Number 132);
14. Law of the Republic of Indonesia Number 12 of 2011 on Legislation Making (State Gazette of the Republic of Indonesia of 2011 Number 82, Supplement to the State

- Gazette of the Republic of Indonesia Number 5234) as amended by Law of the Republic of Indonesia Number 15 of 2019 (State Gazette of the Republic of Indonesia of 2019 Number 183, Supplement to the State Gazette of the Republic of Indonesia Number 6398);
15. Law of the Republic of Indonesia 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);
 16. Law of the Republic of Indonesia Number 7 of 2014 on Trade (State Gazette of the Republic of Indonesia of 2014 Number 45, Supplement to the State Gazette of the Republic of Indonesia Number 5512);
 17. Law of the Republic of Indonesia Number 23 of 2014 on Local Government (State Gazette of the Republic of Indonesia of 2014 Number 244) as amended twice and last by Law Number 9 of 2015 (State Gazette of the Republic of Indonesia of 2015 Number 58, Supplement to the State Gazette Republic of Indonesia Number 5679);
 18. Government Regulation of the Republic of Indonesia Number 58 of 2005 on Regional Financial Management (State Gazette of the Republic of Indonesia of 2005 Number 140, Supplement to the State Gazette of the Republic of Indonesia Number 4578);
 19. Government Regulation of the Republic of Indonesia Number 50 of 2007 on Procedures for Implementing Regional Cooperation (State Gazette of the Republic of Indonesia of 2007 Number 112, Supplement to the State Gazette of the Republic of Indonesia Number 4761);
 20. Government Regulation of the Republic of Indonesia Number 45 of 2008 on Guidelines for Providing Incentives and Providing Ease for Investment in Regions (State Gazette of the Republic of Indonesia of 2008 Number 88, Supplement to the State Gazette of the Republic of Indonesia Number 4861);
 21. Government Regulation of the Republic of Indonesia Number 47 of 2012 on Social and Environmental

- Responsibility of Limited Liability Companies (State Gazette of the Republic of Indonesia of 2012 Number 89, Supplement to the State Gazette of the Republic of Indonesia Number 5305);
22. Government Regulation Number 18 of 2015 on Income Tax Facilities for Investment in Certain Business Fields and/or in Certain Regions (State Gazette of the Republic of Indonesia of 2015 Number 77, Supplement to the State Gazette of the Republic of Indonesia Number 5688) as amended by Government Regulation Number 9 of 2016 (State Gazette of the Republic of Indonesia of 2016 Number 72, Supplement to the State Gazette of the Republic of Indonesia Number 5873);
 23. Government Regulation of the Republic of Indonesia Number 96 of 2015 on Facilities and Conveniences in Special Economic Zones (State Gazette of the Republic of Indonesia of 2015 Number 309, Supplement to the State Gazette of the Republic of Indonesia Number 5783);
 24. Government Regulation of the Republic of Indonesia Number 24 of 2018 on Electronically Integrated Business Licensing Services (State Gazette of 2018 Number 90, Supplement to the State Gazette Number 6215);
 25. Government Regulation of the Republic of Indonesia Number 24 of 2019 on Provision of Incentives and Ease of Investment in Regions (State Gazette of 2019 Number 63, Supplement to the State Gazette Number 6330);
 26. Presidential Regulation Number 16 of 2012 on Investment Main Plan (State Gazette of the Republic of Indonesia of 2012 Number 42);
 27. Presidential Regulation of the Republic of Indonesia Number 87 of 2014 on Implementing Regulation of Law Number 12 of 2011 on Legislation Making (State Gazette of the Republic of Indonesia of 2014 Number 199);
 28. Presidential Regulation of the Republic of Indonesia Number 97 of 2014 on Implementation of One Stop Services (State Gazette of the Republic of Indonesia of 2014 Number 221);

29. Regulation of the Minister of Home Affairs Number 24 of 2006 on Guidelines for Implementation of One Stop Services;
30. Regulation of the Minister of Home Affairs Number 64 of 2012 on Implementation Guidelines for Providing Incentives and Providing Ease of Investment in Regions (State Bulletin of the Republic of Indonesia of 2012 Number 930);
31. Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 80 of 2015 on Establishment of Regional Legal Products has been amended by Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 120 of 2018;
32. Regulation of the Minister of Trade of the Republic of Indonesia Number 77 of 2018 on Electronically Integrated Business Licensing Services in Trade Sector (State Gazette of the Republic of Indonesia of 2018 Number 938);
33. Regulation of the Regency of Banyuwangi Number 2 of 2011 on Regional Tax (Regency Gazette of Banyuwangi of 2011 Number 1/B) as amended several times, and last by Regulation of the Regency of Banyuwangi Number 16 of 2017 (Regency Gazette of Banyuwangi of 2017 Number 16);
34. Regulation of the Regency of Banyuwangi Number 12 of 2011 on Public Service Levy (Regional Gazette of 2011 Number 1/C) as amended several times, and last by Regulation of the Regency of Banyuwangi Number 17 of 2017 (Regency Gazette of Banyuwangi of 2017 Number 17);
35. Regulation of the Regency of Banyuwangi Number 13 of 2011 on Business Service Levy (Regency Gazette of Banyuwangi of 2011 Number 2/C);
36. Regulation of the Regency of Banyuwangi Number 14 of 2011 on Certain Licensing Service Levy (Regency Gazette of Banyuwangi of 2011 Number 3/C);

37. Regulation of the Regency of Banyuwangi Number 8 of 2012 on Banyuwangi Regency Spatial Planning 2012-2032 (Regency Gazette of Banyuwangi of 2012 Number 9/E);
38. Regulation of the Regency of Banyuwangi Number 1 of 2019 on Empowerment and Protection of Micro Businesses in Banyuwangi (Regency Gazette of Banyuwangi of 2019 Number 6 - 1).

With the joint approval of
THE REGIONAL HOUSE OF REPRESENTATIVE
And
THE REGENT OF BANYUWANGI

HAS DECIDED:

To issue : REGIONAL REGULATION ON PROVISION OF INCENTIVES
AND IMPLEMENTATION OF INVESTMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this regional regulation:

1. Region means the Regency of Banyuwangi;
2. Regent means the Regent of Banyuwangi;
3. Local Government means the Government of Banyuwangi Regency;
4. Local Government means the administration of government affairs by the Regional Government and DPRD according to the principles of autonomy and assistance tasks with the broadest autonomy principle in the system and principles of the Unitary State of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia;
5. Regional Regulation means the Regulation of the Regency of Banyuwangi;

6. Regional Apparatus means elements that assist the Regional Head and Regional House of Representatives in administering Government Affairs which become the authority of the Region;
7. Regional Apparatus (*Perangkat Daerah*), hereinafter referred to as PD, means an auxiliary element to the Regional Head and Regional House of Representatives in administering government affairs under regional authority.
8. Regional Tax means an obligatory contribution made by an individual or entity to a region without a balanced direct compensation, which can be enforced based on the prevailing legislation, which is used to finance the implementation of local government and regional development;
9. Regional Levy means payment for the granting of certain permits specifically provided and/or given by local governments for the benefit of individuals or agencies;
10. Capital means an asset in the form of money or other forms that are not money owned by investors that have economic value;
11. Provision of Incentives means support from local governments to investors in the context of encouraging increased investment in the regions;
12. Facilitation means the provision of facilities from the regional government to investors to facilitate any investment activity in the context of encouraging increased investment in the regions;
13. Investment means any form of investment activity, either by domestic investors or by foreign investors to conduct business in the territory of the Republic of Indonesia;
14. Investors mean individuals or business entities making investment in the form of domestic investment and foreign investment;
15. Domestic Investment (*Penanaman Modal Dalam Negeri*), hereinafter referred to as PMDN, means an activity of investing to conduct business in the region which is carried out by domestic investors using domestic capital;

16. Foreign Investment means an activity of investing to carry out business in a region by foreign investors, either wholly using foreign capital or jointly with domestic investors;
17. Micro Enterprises mean productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in the Law on Micro, Small and Medium Enterprises;
18. Cooperative means a business entity whose members are individual persons or legal entities based on its activities based on the cooperative principle as well as a people's economic movement based on the principle of cooperation.
19. Industrial Estate means an area where industrial activities are concentrated, equipped with supporting facilities and infrastructure which are developed and managed by an Industrial Estate Company holding an Industrial Estate Business Permit;
20. Pioneer industries mean industries that have broad linkages, provide added value and high externalities, introduce new technologies, and have strategic value for the national economy;
21. Stimulant Fund means financial support provided to investors whose utilization process is limited based on a certain use, time and usage pattern;
22. Local Resources mean every form of production factor consisting of natural resources, labor, capital and technology, and expertise or entrepreneurship originating from locations in the Region;
23. Local Manpower means residents who are at least 18 (eighteen) years of age as evidenced by a Citizen Identity Card;
24. Geographic Information System (GIS) means a computer-based system that is usually used to store, manipulate, and analyze geographic information.
25. Verification and Assessment Team for Incentives and Ease of Investment, hereinafter referred to as Team,

means a Team appointed and stipulated by the Regent to carry out the verification and assessment process in the context of providing incentives and facilitating investment;

26. Social and Environmental Responsibility (*Tanggung Jawab Sosial dan Lingkungan*), hereinafter abbreviated as TJSL, means the company's commitment to play a role in sustainable economic development, in order to improve the quality of life and the environment that is beneficial for the Company, the local community and society in general;
27. State Owned Enterprises Partnership Program with Small Businesses and the Community Development Program (*Program Kemitraan BUMN dengan Usaha Kecil dan Program Bina Lingkungan*), hereinafter referred to as PKBL, means a program to improve the ability of small businesses to become resilient and independent as well as empowering the social conditions of the community by the SOEs, through the utilization of funds from the SOEs profit share;
28. Business World means Micro, Small, Medium and Large Enterprises which carry out economic activities in Indonesia and are domiciled in Indonesia;
29. Empowerment means an effort made by the Government, Local Government, the Business World, and the community in synergy in the form of climate growth and business development for Micro, Small and Medium Enterprises so that they are able to grow and develop into a strong and independent business;
30. Development means an effort made by the Government, Local Government, the Business World, and the community to empower Micro, Small and Medium Enterprises through the provision of facilities, guidance, mentoring, and strengthening assistance to grow and increase the capacity and competitiveness of Micro, Small, and Medium Enterprises;

31. Supervision means an effort or activity carried out in order to prevent and reduce the occurrence of irregularities in the implementation of investment as well as imposition of sanctions for violations/deviations of the provisions of legislation;
32. Monitoring means an activity carried out to monitor the progress of the implementation of investment activities that have obtained a license in the investment sector;
33. Guidance means a guidance activity for investors to realize their investment and facilitate the resolution of problems/obstacles in the implementation of investment activities;
34. Business Climate means a condition that the Local Government strives for through the stipulation of various legislation and policies in various aspects of economic life so that investors receive the widest possible support, certainty, opportunity, protection and business support;
35. Investment Activity Report (*Laporan Kegiatan Penanaman Modal*), hereinafter referred to as LKPM, means a periodic report delivered by a company regarding the progress of its investment implementation in the form of a procedure in accordance with prevailing regulations;
36. One-stop Integrated Service means the activity of administering a Licensing and Non-licensing activity which receives delegation or delegation of authority from an institution or agency that has the authority for Licensing and Non-licensing, whose management process starts from the application stage to the issuance stage of documents carried out in one place;

CHAPTER II

SCOPE

Article 2

The scope of providing incentives and organizing investment in the regions is as follows:

- a. purpose and objectives;
- b. basis, principles and targets;
- c. authority and Regional Policies;
- d. forms and criteria for providing incentives and facilitating investment operations;
- e. basis for assessing the provision of incentives and the ease of investment;
- f. priority type of business or activity in organizing investment;
- g. procedures for providing incentives and providing facilities for organizing investment;
- h. obligations and responsibilities;
- i. implementation of investment;
- j. coordination and control of the acceleration of investment operations;
- k. Guidance and supervision;
- l. Reporting and evaluation;

CHAPTER III PURPOSE AND OBJECTIVES

Part one

Purpose

Article 3

The purpose of the establishment of this Regional Regulation is to create legal certainty and as a guide in providing incentives and facilitating investment in the Regions.

Part Two

Objectives

Article 4

The objectives of the establishment of this Regional Regulation are to:

- a. increase regional economic growth;
- b. create the jobs;

- c. increase the sustainable economic development in the regions;
- d. increase the competitiveness of the business world;
- e. increase the technological capacity and capabilities;
- f. encourage the development of a people's economy;
- g. process the potential economy into real economic strength by using funds from investors; and
- h. improve community welfare;

CHAPTER IV BASIS, PRINCIPLES, AND TARGETS

Part One

Basis

Article 5

Every activity that distributes incentives and implements investment must observe the following basis:

- a. legal certainty;
- b. transparency;
- c. accountability;
- d. equality;
- e. solidarity;
- f. equitable efficiency;
- g. sustainable;
- h. environmentally sound;
- i. independence; and
- j. balance of progress and national economic unity.

Part Two

Principles

Article 6

The Provision of Incentives and the Implementation of Investment in the regions are carried out based on the following principles:

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

Part Three

Targets

Article 7

The targets for distributing incentives and implementing investment in the regions include:

- a. Tourism and Culture sector, including the supporting sectors;
- b. plantation sector, prioritizes on the development of all derivative products;
- c. education sector, prioritizes on the trade that support the development of educational facilities;
- d. agricultural sector, prioritizes on agricultural product processing businesses;
- e. livestock sector, prioritizes on the cultivation and processing of livestock products in partnership with micro enterprises and cooperatives;
- f. fishery and marine sector, prioritizes on the cultivation and processing of fishery and marine products that make partnerships with micro enterprises and cooperatives;
- g. trading and servicing sector, prioritizes on the businesses that support exports;
- h. energy sector, prioritizes for the development of power plants using new and renewable energy;
- i. forestry sector, prioritizes on the forest product processing industry;
- j. mining and mineral materials sector, namely in the development of downstream tin products and construction of mineral refining plants;
- k. environmentally sound infrastructure sector; and
- l. environmental sector.

CHAPTER V
REGIONAL AUTHORITY AND POLICIES

Part One
Authority

Article 8

- (1) In order to improve the implementation of investment in the Region, the Local Government may provide incentives and/or facilities for the operation of investment in accordance with their respective authorities by taking into account the conditions and capabilities of the regions in accordance with the provisions of legislation.
- (2) The provision of incentives and/or facilities as referred to in section (1) are stipulated by a Regent Decision.

Part Two
Regional Policies

Article 9

- (1) The local government determines the basic policies for implementing investment for:
 - a. encouraging the creation of a business climate in the Regions that is conducive to the implementation of investment in order to strengthen the competitiveness of the Regional economy; and
 - b. accelerating the improvement of investment implementation.
- (2) In determining the basic policy as referred to in section (1), the Local Government:
 - a. gives equal treatment to every investor while still paying attention to regional and national interests;
 - b. guarantees legal certainty, business certainty, and business security for investors since the Licensing process until the end of the investment management activities in accordance with the provisions of legislation; and

- c. opens opportunities for development and provide protection.

CHAPTER VI
FORM AND CRITERIA FOR INCENTIVES DISTRIBUTION AND
EASE OF INVESTMENT IMPLEMENTATION

Part One
Form

Article 10

- (1) Incentives may take the form of:
 - a. reduction, relief or exemption from regional taxes;
 - b. reduction, relief or exemption from regional levies;
 - c. providing capital assistance to micro enterprises and/or cooperatives;
 - d. assistance for research and development for micro-enterprises and/or cooperatives in the regions;
 - e. assistance to facilitate vocational training for micro-enterprises and/or cooperatives in the regions; and/or
- (2) Providing Ease may take the form of:
 - a. provision of data and information on investment opportunities;
 - b. provision of means and infrastructure;
 - c. provision of technical assistance;
 - d. simplification and acceleration of licensing through one-stop integrated services;
 - e. easy access to marketing of products;
 - f. ease of investment in strategic areas stipulated in the RTRW Regional Regulation that have the potential for regional development;
 - g. provision of convenience and security for investing in the regions;
 - h. ease of certification and standardization process;
 - i. easy access to ready-made and skilled workers;
 - j. easy access to raw material supply; and/or
 - k. facilitation of exhibitions and promotions.

- (3) The types of incentives as referred to in section (1) point a and point b are adjusted to the financial capacity and policies of the Local Government.
- (4) The provision of incentives in the form of capital assistance as referred to in section (1) point c may be in the form of money or goods.
- (5) Equity participation as referred to in section (4) is implemented in accordance with the provisions of legislation.
- (6) Local Government in providing incentives and facilities for carrying out investment are adjusted to:
 - a. regional ability to provide incentives and/or facilities;
 - b. investor financial performance;
 - c. investment management performance; and
 - d. business prospects of investors applying for incentives and/or ease of organizing investment.

Article 11

In providing incentives as referred to in Article 9 section (1) regarding to the classification and limitation of the provision of incentives by regarding to:

- a. regional financial capacity;
- b. the number and types of criteria that are fulfilled by investors;
- c. amount of incentive; and
- d. period of incentives.

Article 12

Further provisions regarding the classification and limitation of incentives as referred to in Article 10 are regulated in a Regent Regulation.

Article 13

The Local Government may provide 1 (one) or more incentives and/or facilities as referred to in Article 9 to investors in the regions.

Article 14

- (1) Incentives are given to new investors no more than 4 (four) times within a period of 5 (five) years the longest since the operation of the business.
- (2) Incentives are given to old investors at most 2 (two) times when the investor's business experiences a loss and/or capital difficulty or is about to expand the business.
- (3) The granting of facilities is granted to new investors not more than 5 (five) times within a period of 5 (five) years since the operation of the business.
- (4) The granting of facilities is granted to old investors no more than 2 (two) times within 5 (five) years after 3 (three) years of operation.

Part Two

Criteria

Article 15

- (1) Providing incentives and/or facilities is given to investors who at least meet one of the following criteria:
 - a. contribute in increasing community income;
 - b. take a lot of local workforce in the Region;
 - c. use the most of the local resources of the area;
 - d. contribute to improving public services;
 - e. contribute to the increase in Gross Regional Domestic Product;
 - f. environmentally sound and sustainable;
 - g. including high priority scale;
 - h. including infrastructure development;
 - i. residential development with a vertical concept;
 - j. transferring technology;
 - k. doing pioneer industry;
 - l. carry out research, development and innovation activities;
 - m. partnering with micro businesses or cooperatives;
 - n. businesses that carry out Social and Environmental Responsibility; and/or

- o. located in a suburb or remote location from the center of government; and
 - p. industries that use capital goods, machinery, or equipment produced domestically.
- (2) The amount of investment by investors as referred to in section (1) is classified as follows:
- a. Low priority: The investment value is Rp 1,000,000,000.00 (one billion rupiah) to Rp 5,000,000,000.00 (five billion rupiah).
 - b. Medium priority: Investment value of more than Rp 5,000,000,000.00 (five billion rupiah) up to a maximum of Rp 10,000,000,000.00 (ten billion rupiah).
 - c. High priority: Investment value of more than Rp 10,000,000,000.00 (ten billion rupiah).
- (3) Based on the criteria and amount of investment as referred to in section (1) and section (2), determining the variables of assessment, provision of incentives and ease of implementing investment.
- (4) The variables of assessment, provision of incentives and ease of implementing investment are stipulated by a Regent Decision.

CHAPTER VII

BASIS OF ASSESMENT OF INCENTIVES AND EASY INVESTMENT IMPLEMENTATION

Article 16

- (1) The Local Government in carrying out an assessment of the provision of incentives and facilities to investors is based on:
- a. type of business; and
 - b. criteria as referred to in Article 14.
- (2) The assessment as referred to in section (1) determines the form and amount of incentives and/or facilities to be provided to investors.

- (3) The form and amount of incentives and/or facilities as referred to in section (2) are based on the number of criteria fulfilled by investors.

Article 17

- (1) The Local Government carries out an assessment using the scoring and weighting method to determine the form of incentives and/or facilities to be provided to investors.
- (2) Further provisions regarding the scoring and weighting as referred to in section (1) are regulated in a Regent Regulation.

CHAPTER VIII

TYPES OF PRIORITIZED IMPLEMENTS INVESTMENT BUSINESSES OR ACTIVITIES

Article 18

- (1) Types of business or general activities that are prioritized for obtaining incentives and/or facilities are:
 - a. Trade and industry;
 - b. Agriculture, livestock, plantation and forestry;
 - c. Fisheries and marine; and
 - d. Tourism, hospitality, and restaurants.
- (2) Types of business or special activities that are prioritized for obtaining incentives and/or facilities are:
 - a. micro enterprises and cooperatives;
 - b. business required with partnership;
 - c. business required with capital ownership;
 - d. business required with a certain location; and
 - e. business required with special licenses.
- (3) The criteria for a micro business are a business that has a net worth at most of Rp. 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises and has annual sales proceeds at most of Rp. 300,000,000.00 (three hundred million rupiah).

CHAPTER IX
PROCEDURES FOR GRANTING INCENTIVES
AND FACILITATE OF INVESTMENT IMPLEMENTATION

Article 19

The distribution of incentives and facilities for implementing investment is carried out in the following manner:

- a. Investors submit a written application to the regent or appointed official.
- b. The application as referred to in point a describes at least:
 1. identity of the applicant;
 2. scope of business;
 3. performance management; and/or
 4. business development.

Article 20

- (1) The Regent or appointed official verifies the application for the provision of incentives and/or facilities for implementing investment.
- (2) The Regent forms a team to carry out the verification and assessment process in the framework of providing incentives and facilitating investment operations.
- (3) The formation of the Team as referred to in section (2) is determined by a Regent Decision in accordance with the provisions of legislation.
- (4) Team membership as referred to in section (1) may consist of:
 - a. Local Government elements;
 - b. Business actor organizational elements; and
 - c. Academic elements.
- (5) Further provisions regarding the Team are regulated by a Regent Regulation.

Article 21

The structure of verification team as referred to in Article 19 section (3) at least consists of:

- a. Person in charge
- b. Steering
- c. Chairperson
- d. Secretary
- e. Members

Article 22

The Verification Team as referred to in Article 19 section (3) has the following duties:

- a. Verifying the proposal and checking the completeness of the requirements
- b. Determine the weight of each criterion in a measured manner;
- c. Conduct an assessment matrix to determine the form and amount of incentives and the provision of facilities for conducting investment;
- d. Determine the order of investors scoring from highest to lowest who will receive the form and amount of incentives and/or ease of investment;
- e. Determine the form and amount of incentives to be given;
- f. Carry out monitoring and evaluation of the implementation of investment activities that obtain incentives and/or ease of investment;
- g. Delivering recommendations to the Regent on the results of the verification and measurement assessment.

Article 23

The Verification and assessment Team recommendation as referred to in Article 20 point e become the basis for the Regent in determining investors who receive incentives and/or facilities for conducting investment.

CHAPTER X

OBLIGATIONS AND RESPONSIBILITIES

Article 24

Investors are required to:

- a. apply the principles of good corporate governance;
- b. carry out corporate social responsibility;
- c. submit a report of the implementation of investment to regional apparatuses that carry out government affairs in the investment sector;
- d. apply regional characteristics and culture values based on community life; and
- e. comply with all provisions of legislation.

Article 25

Every investor is responsible for:

- a. guaranteeing the availability of capital originating from sources that do not contradict the provisions of legislation;
- b. preserving the environment to bear and settle all obligations and losses if investors stop, leave or abandon their business activities unilaterally in accordance with the provisions of legislation;
- c. creating a conducive business climate with fair business competition, preventing monopolistic practices and other things that are detrimental to the state/region;
- d. ; and
- e. creating safety, healthy, comfort and welfare of workers.

CHAPTER XI

IMPLEMENTATION OF INVESTMENT

Article 26

- (1) The implementation of investment services includes:
 - a. Licensing services; and
 - b. non-licensing services.
- (2) Types of investment licensing services include:
 - a. Investment Principle License;
 - b. Business permit;
 - c. Other licenses in the context of implementing investment in accordance with the provisions of legislation.

- (3) Types of non-licensing services are:
 - a. regional incentives;
 - b. information service and complaint service; and
 - c. certain documents or certificates needed by investors to run their business according to the prevailing regulations.
- (4) Licensing Operator is One Stop Integrated Service.

CHAPTER XII
COORDINATION AND CONTROL OF ACCELERATION
OF IMPLEMENTING INVESTMENT

Part One
Coordination

Article 27

The Regent coordinates the development and acceleration of investment implementation, including formulating policies and programs, implementing, monitoring, evaluating and controlling the acceleration of investment

Part Two
Scope of Control

Article 28

- (1) Control and acceleration of the operation of investment carried out by:
 - a. Monitoring;
 - b. Guidance;
 - c. Supervision and action.
- (2) The monitoring as referred to in section (1) point a is carried out by verifying, compiling and evaluating data on the implementation of investment to obtain data on realization and input for development and supervision activities.

- (3) The guidance as referred to in section (1) point b is carried out by:
 - a. Providing guidance and counseling to Domestic investment/Foreign investment companies that have obtained investment approval;
 - b. Providing facility assistance for solving problems and obstacles faced by Domestic investment/Foreign investment companies.
- (4) The supervision and action as referred to in section (1) point c are carried out by:
 - a. Conducting evaluation and research on reports and information regarding to deviations/violations in the implementation of investment by companies;
 - b. Conducting direct inspection to the location of investment projects;
 - c. Following up on deviations/violations committed by the company in accordance with the provisions of legislation.

CHAPTER XIII GUIDANCE AND SUPERVISION

Article 29

- (1) The Regent conducts guidance and supervision to the implementation of the provision of incentives and the ease of implementing investment.
- (2) The Regent may delegate guidance and supervision to the implementation of the provision of incentives and facilities for conducting investment to the Head of the Service in charge of investment affairs.
- (3) Further provisions regarding to the guidance and supervision of the implementation of the provision of incentives and the ease of implementing investment are regulated in a Regent Regulation.

CHAPTER XIV
REPORTING AND EVALUATION

Part One
Reporting

Article 30

- (1) Investors who receive incentives and/or facilities for carrying out investment submit reports to the Local Government at least 1 (one) time a year.
- (2) The report as referred to in section (1) contains at least:
 - a. reports on the use of incentives and/or facilities;
 - b. business management; and
 - c. business activity plan
- (3) Further provisions regarding the reporting procedures as referred to in section (1) are regulated in a Regent Regulation.

Article 31

The Regent submits a progress report on the provision of incentives and/or facilities for the implementation of investment in the region to the Governor every 1 (one) year.

Part Two
Evaluation

Article 32

- (1) The Regent carries out an evaluation of the activities of implementing investment which obtain incentives and/or facilities.
- (2) The evaluation as referred to in section (1) is carried out 1 (one) time a year.

CHAPTER XV
ADMINISTRATIVE SANCTIONS

Article 33

- (1) Every investor who violates the provisions in Article 22 is subject to administrative sanctions in the form of:

- a. Written warning;
 - b. Restrictions on business activities;
 - c. Freezing of business activities and/or facilities for carrying out investment; or
 - d. Revocation of business licenses and/or investment facilities.
- (2) Further provisions regarding the implementation of administrative sanctions as referred to in section (1) and section (2) are regulated by a Regent Regulation.

CHAPTER XVI CLOSING PROVISIONS

Article 34

Guidelines for the Implementation of this Regional Regulation will be stipulated by a Regent Regulation not later than 6 (six) months from the promulgation of this regional regulation.

Article 35

At the time this Regional Regulation comes into force, Regional Regulation Number 2 of 2015 on Provision of Incentives and Provision of Ease of Investment in Banyuwangi Regency (Regency Gazette of Banyuwangi of 2015 Number 3) is repealed and declared ineffective.

Article 36

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

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

Issued in Banyuwangi
on 11 June 2020

REGENT OF BANYUWANGI,

signed

H. ABDULLAH AZWAR ANAS

Promulgated in Banyuwangi
on 11 June 2020

REGIONAL SECRETARY
OF THE REGENCY OF BANYUWANGI,

signed

H. MUJIONO

REGENCY GAZETTE OF BANYUWANGI OF 2020 NUMBER 3
REGISTRATION NUMBER OF REGULATION OF THE REGENCY OF
BANYUWANGI NUMBER 70-3 / 2020

Jakarta, 27 November 2020

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 REGENCY OF BANYUWANGI
NUMBER 3 OF 2020
ON
PROVISION OF INCENTIVES AND IMPLEMENTATION OF INVESTMENT

I. GENERAL

The infrastructure development, which the Government of Banyuwangi Regency continues to echo, requires alternative sources of financing, given the condition that regional fiscal revenues are not sufficient to provide it. For this reason, the Government of Banyuwangi Regency continues to trigger and stimulate the flow of investment as a source of financing. Under such conditions, the role of investment is very strategic which has an impact on economic growth, employment and infrastructure development. Even today, the role of investment is increasingly strategic, namely as a measure of the competitiveness of a region in exploring its potential and resources as well as promoting it to potential investors.

The Government of Banyuwangi Regency continues to encourage investors to come and invest in Banyuwangi Regency by improving all policy instruments. Among them by formulating policies to create a conducive investment climate in order to increase regional economic competitiveness. One of the policies developed was to formulate a Local Regulation on the Granting of Incentives and Implementation of Investment to the Community and/or Investors. The aim is to provide the widest possible opportunity for the community and/or investors to develop products, businesses, and invest in Banyuwangi Regency. The type of investment and the location of its development must still refer to the stipulated spatial regulations.

In administering governance, local governments are obligated to realize regional economic development and regional economic growth that is increasingly solid and healthy based on economic democracy. Meanwhile, to realize regional economic development and regional economic growth, it is necessary to develop investment based on statutory regulations. In order to accelerate the implementation of investment, it is necessary to provide legal certainty and protection in a fair manner to parties developing investment. This legal certainty will serve as a guide in efforts to accelerate the realization of investment in Banyuwangi Regency so as to accelerate regional development and economic growth as well as to further increase regional income.

The formulation of a regional regulation on the provision of incentives and implementation of investment to the public and/or investors is to follow up on the mandate of Law Number 23 of 2014 on Local Government. In the provisions of Article 278 of Law Number 23 of 2014 mandates the following:

1. Local Government Administrators involve the participation of the Community and the private sector in regional development.
2. To encourage the participation of the Community and the private sector as referred to in section (1), Local Government Administrators may provide incentives and/or facilities to the Community and/or Investors as regulated in a Regional Regulation by observing the provisions of legislation.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Point a

The term "legal certainty" means the principle that puts provisions of legislation as the basis for local government in every policy and action in providing incentives and providing investment facilities.

Point b

The term "transparency" means the disclosure of information in providing incentives and facilities to investors and the public.

Point c

The term "accountability" means a form of accountability for providing incentives and/or providing investment facilities.

Point d

The term "equality" means the same treatment of investors without taking sides and benefiting a certain group, group or scale of business.

Point e

The term "solidarity" means to encourage the role of all investors together in their business activities to create people's welfare.

Point f

The term "equitable efficiency" means the basis for the implementation of investment by prioritizing fair efficiency in an effort to create a fair, conducive and competitive business climate.

Point g

The term "sustainable" means a planned effort to make the development process run through investment to ensure prosperity and progress in all aspects of life, both for the present and the future.

Point h

The term "environmentally sound" means investment while considering and prioritizing the protection and maintenance of the environment.

Point i

The term "independence" means investment which is carried out while prioritizing the potential of the nation and the state as well as the region by not closing itself off to the entry of foreign capital for the realization of regional and national economic growth.

Point j

The term "balance of progress and national economic unity" means the effort to maintain a balance of regional economic progress within the unity of the national economy.

Article 6

Point a

The term "legal certainty" which means putting the law and provisions of legislation as the basis for the Local Government in every policy and action in providing incentives and providing investment facilities.

Point b

The term "equality" which means the same treatment of investors without taking sides and benefiting a certain group, group or scale of business.

Point c

The term "transparency", which means disclosure of information in providing incentives and facilities to investors and the public.

Point d

The term "accountability" means the form of responsibility for providing incentives and/or providing investment facilities.

Point e

The term "effective and efficient" means rational and economic considerations and guarantees that have an impact on increasing productivity and public services.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Section (1)

Point a

All regional taxes can be classified under incentives

Point b

All regional levies can be classified in terms of providing incentives

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The legislation in question are those related to investment.

Section (6)

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Section (1)

Point a

The criteria for contributing to an increase in community income applies to business entities or investors that have a multiplier effect in the area.

Point b

The criteria for taking a lot of local workforce is the ratio between the number of local workers and the number of workers employed.

Point c

The criteria for using most local resources is the comparison between local raw materials and raw materials taken from outside the area that are used in business activities.

Point d

The criteria for contributing to the improvement of public services is an implementation of corporate social responsibility in the provision of public services.

Point e

The criteria for contributing to an increase in Gross Regional Domestic Product are applied to investors whose business activities optimize the utilization of local natural resource potential.

Point f

The criteria for Environmentally sound and sustainable applies to investors who have an environmental impact analysis document, and apply the principles of balance and fairness in the use of natural resources and comply with the regional spatial plan.

Point g

The criteria for including a high priority scale are applied to investors whose businesses are located and/or in accordance with:

- a. Spatial Planning;
- b. Long Term Regional Development Plan; and
- c. Medium Term Regional Development Plan.

Point h

The Criteria for including infrastructure development apply to investors whose business activities support the Local

Government in the provision of the infrastructure or infrastructure required.

Point i

The criteria for carrying out residential development with a vertical concept are applied to investors whose business activities provide shelter that is built vertically so that they can utilize space effectively and efficiently.

Point j

The criteria for transferring technology is applied to investors whose business activities provide opportunities for the Local Government and the community to apply the technology in question.

Point k

The criteria for conducting a pioneer industry apply to investors opening new types of business by:

- a. broad business activity linkages;
- b. provide added value and take into account high externalities;
- c. introducing new technology; and
- d. has strategic value in supporting the development of regional superior products.

Point l

The criteria for carrying out research, development and innovation activities apply to investors whose business activities are engaged in research and development, technological innovation in managing regional potential.

Point m

The criteria for partnering with micro, small, medium enterprises and cooperatives apply to investors whose business activities are in partnership with micro, small, medium and cooperative entrepreneurs.

Point n

The criteria for businesses that implement TJSL/ PKBL apply to investors who implement TJSL/PKBL as a part of the company's work program.

Point o

Sufficiently clear.

Point p

The criteria for industries using domestically produced capital goods, machinery or equipment apply to investors who use machines or equipment with local and domestically produced contents.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

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

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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

Sufficiently clear.

Article 36

Sufficiently clear.