REGULATION OF THE REGENCY OF LUWU
NUMBER 3 OF 2024
ON
PROVISION OF INCENTIVES AND PROVISION OF EASE OF INVESTMENT

BY THE GRACE OF ALMIGHTY GOD

THE REGENT OF LUWU,

Considering : that to implement the provision of Article 7 paragraph (1) of Government Regulation Number 24 of 2019 on the Provision of Incentives and Ease of Investment in the Regions, it is necessary to enact a Regional Regulation on the Provision of Incentives and the Provision of Ease of Investment;

Having regard to :

1. Article 18 paragraph (6) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 29 of 1959 on the Establishment of Level II Regions in Sulawesi (State Gazette of the Republic of Indonesia Year 1959 Number 74, Supplement to the State Gazette of the Republic of Indonesia Number 1822);
3. Law Number 25 of 2007 on Investment (State Gazette of the Republic of Indonesia Year 2007 Number 67, Supplement to the State Gazette of the Republic of Indonesia Number 4724) as repeatedly amended and most recently amended by Law Number 6 of 2023 on the Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law (State Gazette of the Republic of Indonesia Year 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
4. Law Number 20 of 2008 on Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866) as repeatedly amended and most recently amended by Law Number 6 of 2023 on the Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law (State Gazette of the Republic of Indonesia Year 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);

5. Law Number 12 of 2011 on the Making of Laws and Regulations (State Gazette of the Republic of Indonesia Year 2011 Number 82, Supplement to the State Gazette of the Republic of Indonesia Number 5234) as repeatedly amended and most recently amended by Law Number 13 of 2022 on the Second Amendment to Law Number 12 of 2011 on the Making of Laws and Regulations (State Gazette of the Republic of Indonesia Year 2022 Number 143, Supplement to the State Gazette of the Republic of Indonesia Number 6801);
6. Law Number 23 of 2014 on Local Administration (State Gazette of the Republic of Indonesia Year 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587), as repeatedly amended and most recently amended by Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law (State Gazette of the Republic of Indonesia Year 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
7. Law Number 1 of 2022 on Financial Relations between the Central Government and Local Administration (State Gazette of the Republic of Indonesia Year 2022 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6757);

With the Joint Approval of
THE REGIONAL HOUSE OF REPRESENTATIVES
OF THE REGENCY OF LUWU
and
THE REGENT OF LUWU

HEREBY DECIDES:

To enact : REGIONAL REGULATION ON PROVISION OF INCENTIVES AND PROVISION OF EASE OF INVESTMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Regency of Luwu.
2. Local Administration means the administration of government affairs by the local government and the Regional House of Representatives (DPRD) according to the principles of autonomy and co-administration with the principle of the widest possible autonomy within 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.
3. Local Government means the Regent as the element administering Local Administration who leads the

implementation of government affairs that fall under the authority of the autonomous Region.

4. Governor means the regional head as the element administering local administration at the provincial level and as the representative of the Central Government in the province.
5. Regional Apparatus means the assisting elements of the Regent and the Regional House of Representatives administering government affairs that fall within the authority of the Region.
6. Provision of Ease means the provision of non-fiscal facilities by the Local Government to the Community and/or Investors to facilitate every Investment activity and to increase Investment in the region.
7. Local Tax means a mandatory contribution to the Region owed by an individual or entity that is coercive in nature based on the Law, without receiving direct compensation, and used for Regional purposes for the greatest prosperity of the people.
8. Local Levy means a Local levy as payment for services or the provision of certain permits specifically provided and granted by the Local Government for the interest of individuals or entities.
9. Verification and Assessment Team for the Provision of Incentives and the Provision of Ease of Investment, hereinafter referred to as the Team, means the team established by the Regent to conduct verification, assessment, provide recommendations, and perform monitoring and evaluation of the Provision of Incentives and the Provision of Ease of Investment.

Article 2

The scope of regulation in this Regional Regulation includes:

a. criteria for the provision of incentives and/or the provision of ease of investment;
b. forms of incentives and/or ease of investment provided;
c. types of business or investment activities that obtain incentives and/or ease;
d. procedures for the provision of incentives and/or the provision of ease of investment;
e. the period for the provision of incentives and/or the provision of ease of investment;
f. rights and obligations
g. administrative sanctions;
h. evaluation and reporting;
i. guidance and supervision; and
j. funding.

CHAPTER II
CRITERIA FOR THE PROVISION OF INCENTIVES AND/OR THE PROVISION OF EASE OF INVESTMENT

Article 3

The provision of incentives and/or the provision of ease of investment are given to the Community and/or Investors who meet the following criteria:

a. contributing to the increase of Public income;
b. absorbing Labor by prioritizing Local Workers;
c. contributing to the improvement of public services;
d. conducting technology transfer;
e. engaging in pioneer industries;
f. infrastructure development;
g. contributing to the increase of the gross regional domestic product;
h. being environmentally sound and sustainable;
i. infrastructure development;
j. carrying out research, development, and innovation activities;
k. partnering with Micro Enterprises, Small Enterprises, or Cooperatives;
l. partnering with local companies;
m. industries using domestic capital goods, machinery, and equipment; and
n. export-oriented.

CHAPTER III
FORMS OF INCENTIVES AND/OR PROVISION OF INVESTMENT FACILITIES PROVIDED

Article 4

(1) The provision of incentives may take the form of:
   a. reduction, relief, or exemption of Local Tax;
   b. reduction, relief, or exemption of Local Levy;
   c. provision of capital facilitation to Micro Enterprises, Small Enterprises, and Cooperatives in the Region;
   d. facilitation assistance for research and development for Micro Enterprises, Small Enterprises, and Cooperatives in the Region;
   e. assistance with vocational training facilities for Micro Enterprises, Small Enterprises, and Cooperatives in the Region; and
   f. low-interest loans for Micro Enterprises, Small Enterprises, and Cooperatives.

(2) The provision of ease of investment may take the form of:
   a. provision of investment opportunity data and information;
   b. provision of infrastructure and facilities;
   c. facilitation of land or location provision;
   d. provision of technical assistance;
   e. simplification and acceleration of licensing issuance through integrated one-stop services;
   f. ease of marketing access for production results;
   g. ease of direct construction investment;

h. ease of investment in strategic areas stipulated in laws and regulations with potential for regional development;
i. provision of convenience and security for investing in the Region;
j. ease of the certification and standardization process in accordance with the provisions of laws and regulations;
k. ease of access to ready-to-use and skilled workers;
l. ease of access to raw material supplies; and
m. promotion facilitation in accordance with the local government authority.

(3) The provision of incentives and/or the provision of ease of investment as referred to in paragraphs (1) and (2) are granted in accordance with the Regional capacity and the provisions of laws and regulations.

CHAPTER IV
TYPES OF BUSINESS OR INVESTMENT ACTIVITIES THAT OBTAIN INCENTIVES AND/OR EASE

Article 5

(1) The Local Government may prioritize the provision of incentives and/or the provision of ease of investment for certain types of businesses or certain activities.
(2) Certain types of businesses or certain activities as referred to in paragraph (1) consist of:
a. Micro Enterprises, Small Enterprises, and/or Cooperatives;
b. businesses required to have partnerships;
c. businesses required to have capital ownership requirements;
d. businesses required to have specific locations;
e. businesses required to have special licensing;
f. open businesses within the framework of investment prioritizing regional excellence;
g. businesses that have obtained investment facilities from the Central Government; and
h. other businesses in accordance with the provisions of Laws and Regulations.

CHAPTER V
PROCEDURES FOR THE PROVISION OF INCENTIVES AND/OR THE PROVISION OF EASE OF INVESTMENT

Article 6

The procedures for the provision of incentives and/or the provision of ease of investment to the Community and/or Investors are carried out through the stages of:
a. submission of an application;
b. evaluation; and
c. implementation of the provision.

Article 7

(1) The provision of incentives and/or the provision of ease of investment are implemented through the submission of a written application by the Community and/or Investors to the Regent.
(2) The application as referred to in paragraph (1) is verified by the Regent, the implementation of which is coordinated by the Regional Apparatus administering government affairs in the field of Investment.

Article 8

(1) The Regent establishes a Verification Team for the Provision of Incentives and/or the Provision of Ease of Investment, which is established by a Regent Decree.
(2) The Regent determines the Investors who obtain incentives and/or ease of investment based on the recommendations of the team as referred to in paragraph (1).

Article 9

(1) The evaluation as referred to in Article 6 subparagraph b is conducted based on:
    a. criteria; and
    b. business types.
(2) The evaluation as referred to in paragraph (1) is conducted by:
    a. using an evaluation matrix to determine the form of incentives and/or ease of investment;
    b. determining the ranking of the Community and/or Investors who will receive the provision of incentives and/or the provision of ease of investment; and
    c. determining the form of the provision of incentives and/or the provision of ease of investment.
(3) The evaluation of the provision of incentives and/or the provision of ease of investment as referred to in paragraph (1) involves related Regional Apparatuses.
(4) The results of the evaluation for the provision of incentives and/or the provision of ease of investment as referred to in paragraph (1) are submitted to the Regent in the form of a Recommendation for Recipients of the Provision of Incentives and/or the Provision of Ease of Investment.

Article 10

(1) The Regent implements the provision of incentives and/or the provision of ease of investment as referred to in Article 6 subparagraph c after undergoing evaluation.
(2) The implementation of the provision as referred to in paragraph (1) is established by a Regent Decree.

Article 11

(1) The Provision of Incentives and/or the Provision of Ease of Investment are carried out within a certain timeframe and frequency.
(2) Incentives and/or ease are granted to the Community and/or Investors with a maximum period of not exceeding one (1) year.

(3) Incentives and/or ease are granted to the Community and/or Investors at most one (1) time.

CHAPTER VI
DURATION OF THE PROVISION OF INCENTIVES AND/OR THE PROVISION OF EASE OF INVESTMENT

Article 12

(1) The Community and/or Investors receiving the provision of incentives and/or the provision of ease of investment have the right to:
   a. obtain information on services for the provision of incentives and/or the provision of ease of investment;
   b. obtain incentives and/or ease of investment in accordance with the provisions of laws and regulations;
   c. obtain services related to the process of provision, implementation, supervision, and guidance for Investors; and
   d. obtain information on the evaluation results regarding the progress of receiving incentives and/or ease of investment.

(2) The Community and/or Investors receiving the provision of incentives and/or the provision of ease of investment shall:
   a. apply the principles of good corporate governance;
   b. implement corporate social responsibility;
   c. prepare and submit investment activity reports to the Regent through the Regional Apparatus administering government affairs in the field of investment;
   d. comply with the established requirements on the provision of incentives and/or the provision of ease of investment;
   e. compile and submit business development reports periodically once every one (1) year to the Regent through the Regional Apparatus administering government affairs in the field of investment;
   f. ensure the availability of capital originating from sources that do not contrary to the provisions of laws and regulations;
   g. create a healthy business competition climate, prevent monopolistic practices, and prevent matters that may harm the Region;
   h. create safety, health, comfort, and welfare for workers;
   i. maintain environmental sustainability;
   j. bear and settle all obligations if the Community and/or Investors unilaterally stop, leave, or abandon their business activities;
   k. respect the cultural traditions of the Community around the location of the investment business activities; and
   l. comply with all provisions of laws and regulations.

CHAPTER VIII
ADMINISTRATIVE SANCTIONS

Article 13

(1) The Community and/or Investors receiving the provision of incentives and/or the provision of ease of investment who violate the obligations as referred to in Article 12 paragraph (2) are subject to administrative sanctions.
(2) Administrative sanctions as referred to in paragraph (1) may take the form of:
    a. oral warning;
    b. written warning; and/or
    c. revocation of the provision of incentives and/or the provision of ease.

Article 14

(1) The Regent evaluates the effectiveness of the implementation of incentives and/or investment facilities that have been granted to the Community and/or Investors.
(2) The evaluation as referred to in paragraph (1) is conducted at least one (1) time a year.
(3) Incentives and/or investment facilities may be reviewed if, based on the evaluation, they no longer meet the criteria or contrary to the provisions of laws and regulations.

Article 15

The Regent submits a report on the results of the implementation of the provision of incentives and/or the provision of ease of investment in the Region to the Governor once every one (1) year.

Article 16

(1) The Regent conducts guidance and supervision regarding the provision of incentives and/or the provision of ease of investment to the Community and/or Investors.
(2) The Regent conducts guidance and supervision as referred to in paragraph (1) through the Regional Apparatus administering government affairs in the field of investment.

CHAPTER IX
FUNDING

Article 17

Funding for the implementation of the provision of incentives and/or the provision of ease of investment originates from:
a. the Local budget; and
b. other legitimate and non-binding funding sources in accordance with the provisions of laws and regulations.

CHAPTER X
TRANSITIONAL PROVISIONS

Article 18

(1) Applications for the provision of incentives and/or the provision of ease of investment that are being processed and have not been stipulated before the entry into force of this Regional Regulation are processed based on this Regional Regulation.
(2) The provision of Incentives and/or the provision of ease of investment granted before this Regional Regulation comes into force, is declared to remain in force until their term expires.

Article 19

(1) Upon the entry into force of this Regional Regulation, all Regional Legal Products related to the provision of incentives and/or the provision of ease of investment for the Community and/or Investors in the Region shall remain in force effect insofar as they do not conflict with the provisions in this Regional Regulation.
(2) Implementing regulations of this Regional Regulation are stipulated no later than one (1) year from the date of this Regional Regulation is promulgated.

CHAPTER XI
CLOSING PROVISIONS

Article 20

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

In order to make this Regional Regulation known to the public, it is hereby ordered that it be promulgated by its publication in the Regional Gazette of the Regency of Luwu.

Enacted in Belopa
on 27 August 2024

REGENT OF LUWU, AD INTERIM,

signed

MUHAMMAD SALEH

Promulgated in Belopa
on 16 October 2024

REGIONAL SECRETARY
OF THE REGENCY OF LUWU,

signed

SULAIMAN

REGIONAL GAZETTE OF THE REGENCY OF LUWU YEAR 2024 NUMBER 3

Jakarta, 10 November 2026
DIRECTOR GENERAL OF LEGISLATION
FOR THE MINISTER OF LAW OF THE REPUBLIC OF INDONESIA,

DIREKTUR JENDERAL PERATURAN PERUNDANG-UNDANGAN KEMENTERIAN HUKUM PENGAYOMAN

DHAHANA PUTRA

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This English translation is provided for information and reference purposes only. In the event of any discrepancy, inconsistency, or ambiguity between the English version and the Indonesian version, the Indonesian version shall prevail.

ELUCIDATION
OF
REGULATION OF THE REGENCY OF LUWU
NUMBER 3 OF 2024
ON
PROVISION OF INCENTIVES AND EASE OF INVESTMENT

I. GENERAL

Investment or capital investment plays an important role in enhancing regional economic growth, among others: increasing public income, absorbing local labor, empowering local resources, improving public services, increasing the gross regional domestic product, as well as developing Micro Enterprises, Small Enterprises, and Cooperatives. In the framework of implementing sustainable development and facing the era of globalization, the Local Government needs to establish policies to encourage the realization of a conducive business climate for investors and strengthen the competitiveness of the national economy.

The Local Government's efforts to increase investment through the provision of incentives and the provision of ease of investment to the community and Investors are still considered low, and even tend to be counterproductive. This is indicated by the numerous Regional Regulations on Local Taxes and Local Levies as well as other levies that burden business actors including Investors, resulting in regional and national competitiveness in the investment sector not being optimal.

The provisions of Article 278 of Law Number 23 of 2014 on Local Administration mandate:

(1) Local Administration organizers 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 paragraph (1), Local Government Organizers may grant incentives and/or ease to the Community and/or investors stipulated in a Regional Regulation by being guided by the provisions of laws and regulations. The mandate of Article 278 of Law Number 23 of 2014 is subsequently followed up by Government Regulation Number 24 of 2019 on the Provision of Incentives and Ease of Investment in the Regions, which mandates that the Provision of Incentives and/or the Provision of Ease for the Community and/or Investors are regulated in a Regional Regulation.

For this reason, it is necessary to form a Regional Regulation as a guideline for the provision of incentives and/or the provision of ease of investment to the Community and/or Investors. In addition, this Regional Regulation is intended so that the provision of incentives and the provision of ease of investment in the Regency of Luwu are well-targeted and achieve the distribution of investment in the Regency of Luwu, and do not contrary to the provisions of higher laws and regulations.

II. ARTICLE BY ARTICLE

Article 1
Self-explanatory.

Article 2
Self-explanatory.

Article 3
Self-explanatory.

Article 4
Self-explanatory.

Article 5
Self-explanatory.

Article 6
Self-explanatory.

Article 7
Self-explanatory.

Article 8
Self-explanatory.

Article 9
Self-explanatory.

Article 10
Self-explanatory.

Article 11
Self-explanatory.

Article 12
Self-explanatory.

Article 13
Self-explanatory.

Article 14
Self-explanatory.

Article 15
Self-explanatory.

Article 16
Self-explanatory.

Article 17
Self-explanatory.

Article 18
Self-explanatory.

Article 19
Self-explanatory.

Article 20
Self-explanatory.

SUPPLEMENT TO THE REGIONAL GAZETTE OF THE REGENCY OF LUWU NUMBER 103