

REGULATION OF THE REGENCY OF DEMAK  
NUMBER 3 OF 2022  
ON  
PROVISION OF INCENTIVES AND/OR EASE OF INVESTMENT  
BY THE BLESSINGS OF ALMIGHTY GOD

THE REGENT OF DEMAK,

Considering : 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 the Region, it is necessary to issue a Regional Regulation on Provision of Incentives and Ease of Investment. ;

Observing :  
1. Article 18 section (6) of the 1945 Constitution of the Republic of Indonesia;  
2. Law Number 13 of 1950 on Formation of the Regencies in the scope of the Province of Central Java (State Bulletin of the Republic of Indonesia of 1950 Number 42);  
3. Law Number 23 of 2014 on Local Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of

Indonesia Number 5587) as amended several times, last by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);

4. Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in Regions (State Gazette of the Republic of Indonesia of 2019 Number 63);

With The Joint Approval of  
THE REGIONAL HOUSE OF REPRESENTATIVES  
and  
THE REGENT OF DEMAK

HAS DECIDED:

To issue: REGIONAL REGULATION ON PROVISION OF INCENTIVES AND/OR EASE OF INVESTMENT.

CHAPTER I  
GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Regency of Demak.
2. Local Government means the Regent as an element of the Local Government administrator who leads the implementation of government affairs which are the authority of the autonomous region.
3. Regent means the Regent of Demak.
4. Regional House of Representatives (*Dewan Perwakilan Rakyat Daerah*), hereinafter abbreviated as DPRD, means the regional house of representatives holding the position as the element of administrator of Local Government. .
5. Regional Apparatus means elements that assist the Regent and the Regional House of Representatives in administering Government Affairs which become the authority of the region.
6. Community means a person or group of people who are

citizens of the Republic of Indonesia who have and/or carry out business activities in accordance with the provisions of legislation.

7. Investor means an individual or enterprise that does the Investment by means of Local Investors and Foreign Investors.
8. Capital means an asset in the form of money or other forms which is not money that has economic value, owned by investors.
9. Provision of Incentives means the support for fiscal policy from Local Government to the community and/or Investors to increase the Investment in Region.
10. Provision of Ease means Provision of non-fiscal Facilities from Local Government to the Community and/or Investors to give ease and to increase the Investment activities in Region.

#### Article 2

The purpose of establishing this regional regulation is as follows:

- a. encouraging the increase of investment in the Region;
- b. giving contribution to increase local government's revenue in realizing people welfare; and
- c. as a means of supporting for the Community and/or Investors to facilitate every investment activity and to increase investment in the Region.

## CHAPTER II

### PRINCIPLES AND SCOPE

#### Article 3

Provision of Incentives and/or ease of investment is carried out based on the principles of:

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

Article 4

The provisions regulated in this regional regulation are as follows:

- a. the authority of the Local Government and the rights and responsibilities of the Community and/or Investors;
- b. criteria for the Provision of Incentives and/or Ease of Investment;
- c. the form of incentives and/or ease provided;
- d. type of business or investment activity that obtains incentives and/or ease;
- e. procedures for the Provision of Incentives and/or ease of investment ;
- f. the period and frequency of the Provision of Incentives and/or the Provision of the Ease of doing Investment ;
- g. evaluation and reporting of the Provision Incentives and/or Ease of Investment;
- h. Community's Participation ; and
- i. funding.

CHAPTER III

AUTHORITY OF LOCAL GOVERNMENT AND  
RIGHTS AS WELL AS RESPONSIBILITIES OF THE  
COMMUNITY AND/OR INVESTORS

Part One

Local Government Authority

Article 5

- (1) Local Government authority in this regional regulation includes:
  - a. providing incentives and/or ease of investment in the regions to the Community and/or Investors;
  - b. prioritizing the Provision of Incentives and/or ease of investment for certain types of businesses or certain activities;
  - c. increasing the equity of economic activity and investment in the Region by providing incentives

- and/or ease to the Community and/or Investors in accordance with the existing potential investment in the Region; and
- d. providing fiscal and non-fiscal policies on the Provision of Incentives and/or ease to the Community and/or Investors according to the existing potential investment in the Region.
- (2) The authority of the Local Government as referred to in section (1) is carried out based on the financial capacity of the Region and in accordance with the provisions of legislation.

Part Two  
Rights and Responsibilities of  
Community and/or Investors

Article 6

- (1) Communities and/or investors have the right to:
  - a. obtain information and services for Provision of Incentives and/or Ease of Investment;
  - b. obtain incentives and/or Ease of Investment according to the established mechanism;
  - c. obtain services related to the process of providing, implementing, supervising and fostering investment in the region ;
  - d. obtain information on evaluation results to the development of receipt of incentives and/or Investment Facilities; and
  - e. obtain various forms of ease facilities in accordance with the provisions of legislation.
- (2) In carrying out the rights and responsibilities of the Community and/or Investors, they are obligated to:
  - a. comply with the provisions of legislation concerning guidelines for the Provision of Incentives and/or Ease of Investment;
  - b. carry out corporate social responsibility;
  - c. make a report on Investment activities and submit it to the Regional Apparatus administering government

- affairs in the field of investment;
  - d. respect local wisdom around the location of investment business activities; and
  - e. have offices and/or representative offices in the Region.
- (3) Every Community and/or Investor is responsible for:
- a. ensuring the availability of capital originating from sources that do not conflict with the provisions of legislation in the field of investment;
  - b. bearing and settling all obligations and losses if the Community and/or Investors stop, leave or abandon their business activities unilaterally in accordance with the provisions of legislation in the field of investment;
  - c. creating a healthy business climate competition, preventing monopolistic practices and other things that can be detrimental to the state;
  - d. maintaining environmental, social and cultural sustainability of the local community;
  - e. creating safety, health, comfort and welfare of workers; and
  - f. participating the improvement of Region welfare , especially the local Community.

#### Article 7

- (1) Any investor who gets incentives and ease, does not carry out the obligations as referred to in Article 6 section (2), is subject to administrative sanctions in the form of:
- a. written warning;
  - b. restrictions on business activities;
  - c. freezing of business activities and/or investment facilities; or
  - d. revocation of business activities and/or investment facilities.
- (2) Further provisions regarding the procedures for imposing administrative sanctions as referred to in section (1) are regulated in a Regent Regulation.

CHAPTER IV  
CRITERIA FOR PROVISION OF INCENTIVES AND/OR  
PROVISION OF EASE

Article 8

The Provision of Incentives and/or Ease is given to the Community and/or Investors who meet the following criteria of:

- a. giving contribution to increase the Community's income;
- b. infiltrating manpower;
- c. using mostly local resources;
- d. giving contribution to the improvement of public services;
- e. giving contribution to the increase of regional gross domestic product;
- f. environmentally sound and sustainable;
- g. infrastructure development;
- h. doing transfer technology;
- i. carrying out pioneer industry;
- j. carrying out research, development and innovation activities;
- k. partnering with micro, small, or cooperative enterprises;
- l. industries that use capital goods, machines or equipment domestically produced;
- m. doing business activities in accordance with national and/or regional priority programs; and/or
- n. export oriented.

Article 9

- (1) Local Government can prioritize the Provision of Incentives and/or the Provision of Ease for certain types of businesses or certain activities.
- (2) Certain types of business or certain activities as referred to in section (1) consist of:
  - a. micro, small enterprises and/or cooperatives;
  - b. business required by partnership;
  - c. businesses required capital ownership;
  - d. business required with a certain location;
  - e. business required with a special permit;

- f. businesses within the framework of investment prioritizing Regional excellence;
- g. businesses that have obtained investment facilities from the Central Government; and/or
- h. other businesses in accordance with the provisions of legislation.

## CHAPTER V

### FORMS OF PROVIDED INCENTIVES AND/OR EASE

#### Article 10

- (1) The Provision of Incentives can be in the forms of:
  - a. reduction, relief, and exemption or elimination of Local tax principals and/or sanctions;
  - b. reduction, relief, and exemption or elimination of the principal Local levies and/or sanctions;
  - c. provision of Capital assistance to micro, small enterprises and/or cooperatives in the Region;
  - d. assistance for research and development for micro, small enterprises, and/or cooperatives in the Region;
  - e. supporting facility of training vocation on business of micro, small enterprises, and/or cooperatives in the Region; and/or
  - f. low loan interest.
- (2) Provision of Ease can be in the forms of:
  - a. provision of data and information on investment opportunities;
  - b. provision of facilities and infrastructure;
  - c. facilitating the provision of land or location;
  - d. provision of technical assistance;
  - e. simplification and acceleration of giving permit through one-stop integrated services;
  - f. ease of access to marketing the production results;
  - g. ease of direct construction investment;
  - h. ease of investment in strategic areas stipulated in legislation that have the potential for regional development;
  - i. the provision of convenience and security in



- doing investment the Region;
  - j. ease of process of certification and standardization in accordance with the provisions of legislation;
  - k. ease of access to ready-to-use and skilled manpower;
  - l. ease of access to the supply of raw materials; and/or
  - m. promotion facilities in accordance with regional authority.
- (3) The Providing of Incentives and/or the Provision of Ease as referred to in section (1) and section (2) is given in accordance with the regional financial capacity and the provisions of legislation.

#### Article 11

Further provisions regarding the technical elaboration of the forms of provided incentives and/or ease are regulated by Regent Regulations.

### CHAPTER VI PROCEDURES FOR PROVISION OF INCENTIVES AND/OR PROVISION OF EASE

#### Part One

##### General

#### Article 12

The procedures for the Provision of Incentives and/or provision of ease to the community and/or investors are carried out through the following stages:

- a. submission of application;
- b. verification and assessment; and
- c. execution of the provision.

#### Part Two

##### Submission of Application

#### Article 13

- (1) Communities and/or investors wishing to receive Provision of Incentives and/or provision of ease submit

an application to the Regent.

- (2) The Regent is obligated to follow up on the submission of application for provision of incentives and/or provision of ease as referred to in section (1).
- (3) The application as referred to in section (1) verified and assessed by a Team coordinated by the Regional Apparatus administering government affairs in the field of investment.
- (4) The team as referred to in section (3) is established by the Regent Decision.

### Part Three

#### Verification and Assessment

##### Article 14

- (1) Verification and assessment as referred to in Article 12 point b and Article 13 section (3) are carried out based on:
  - a. The criteria as referred to in Article 8; and
  - b. Type of business as referred to in Article 9.
- (2) In the verification and assessment as referred to in section (1) scoring and weighting is carried out to determine the form of incentives and/or ease to be provided.
- (3) In carrying out the verification and assessment as referred to in section (1) the relevant Regional Apparatus are involved.

### Part Four

#### Execution of Provision

##### Article 15

- (1) The Execution of Provision of Incentives and/or Provision of Ease to the Community and/or Investors is carried out after verification and assessment have done.
- (2) The implementation of the provision of incentives and/or provision of ease as referred to in section (1) is stipulated by a Regent Decision.
- (3) The Regent Decision as referred to in section (1) contains

at least:

- a. name;
- b. applicant's address;
- c. type of business or investment activity;
- d. forms of incentives and/or ease;
- e. incentive period; and
- f. rights and obligations of recipients of incentives and/or ease of investment.

#### Article 16

Further provisions regarding the procedures for application, verification and assessment, and execution of provision as referred to in Article 12 to Article 15 are regulated by a Regent Regulation.

### CHAPTER VII

#### TIME PERIOD AND FREQUENCY OF THE PROVISION OF INCENTIVES AND/OR PROVISION OF EASE IN DOING INVESTMENT

#### Article 17

- (1) The Local Government provides incentives and/or provides convenience in making investments with a period of time not later than 2 (two) years during the operation of business activities.
- (2) The Regent conducts an assessment at least 1 (once) a year on the Provision of Incentives and/or provision of ease as referred to in section (1).
- (3) In carrying out the assessment as referred to in section (2), the Regent delegates it to the Head of the Regional Apparatus who administers government affairs in the field of investment.
- (4) In the event that the results of the assessment as referred to in section (2) state that they still meet the criteria, the Community and/or Investors may apply for an extension of incentives and/or provision of ease in making investments 1 (one) time.
- (5) In the event that the results of the assessment as referred to in section (2) state that they no longer meet the

criteria, the provision of incentives and/or provision of ease in making investments is revoked as stipulated by a Regent Decision.

- (6) The procedures for extension and evaluation as referred to in section (4) by resubmitting as stipulated in the new submission are in accordance with the provisions of the legislation.

CHAPTER VIII  
EVALUATION AND REPORTING OF PROVISION OF  
INCENTIVES AND/OR PROVISION OF EASE

Part One  
Evaluation

Article 18

- (1) The Regent evaluates the effectiveness of the Provision of Incentives and/or Provision of Ease that have been given to the Community and/or Investors.
- (2) Evaluation as referred to in section (1) is carried out at least 1 (once) a year.
- (3) Based on the results of the evaluation as referred to in section (1) the Provision of Incentives and/or the Provision of Ease may be reviewed if they are no longer meet the criteria as referred to in Article 8 or are contrary to the provisions of legislation.
- (4) The Regent submits a report on the implementation of the Provision of Incentives and/or Provision of Ease in his/her region to the governor 1 (once) a year.

Part Two  
Reporting

Article 19

- (1) Communities and/or Investors who receive incentives and ease of investment are obligated to submit reports to the Regent through the Regional Apparatus administering investment affairs.

- (2) The report as referred to in section (1), at least contains:
  - a. name of business entity;
  - b. business fields;
  - c. number of permanent workers;
  - d. the type of incentives obtained;
  - e. the type of ease obtained;
  - f. value of sales turnover before and after obtaining incentives; and
  - g. use of Incentives.
- (3) The community and/or investors are obligated to report as referred to in section (1) at least 1 (once) a year.

## CHAPTER IX PUBLIC PARTICIPATION

### Article 20

- (1) The Public may report investors who have obtain Incentives and/or Ease of investment who commit violations to the Local Government as referred to in this Regional Regulation.
- (2) The Local Government is obligated to follow up on reports received from community and provides answers to these reports in accordance with the provisions of legislation.

## CHAPTER X FUNDING

### Article 21

All costs related to the execution of Provision of Incentives and/or Provision of Ease to the Community and/or Investors are borne by:

- a. local Budget; and/or
- b. other legitimate sources and not binding based on the provisions of the legislation.

CHAPTER XI  
CLOSING

Article 22

The implementing regulations of this Regional Regulation are issued not later than 6 (six) months.

Article 23

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 Regional Gazette of the Regency of Demak.

Issued in Demak  
on 22 February 2022

REGENT OF DEMAK,

signed

EISTI'ANAH

Promulgated in Demak  
on 22 February 2022

REGIONAL SECRETARY  
OF THE REGENCY OF DEMAK,

signed

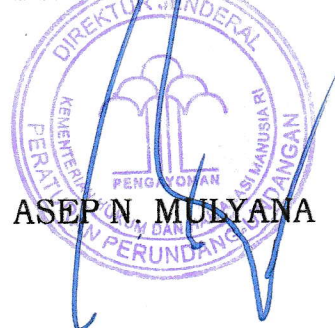
SINGGIH SETYONO

REGIONAL GAZETTE OF THE REGENCY OF DEMAK OF 2022 NUMBER 3

Jakarta, 16 May 2023

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,



ELUCIDATION  
OF  
REGULATION OF THE REGENCY OF DEMAK  
NUMBER 3 OF 2022  
ON  
PROVISION OF INCENTIVES AND EASE OF INVESTMENT

I. GENERAL

As mandated in Law Number 23 of 2014 on Local Government as amended several times, and last by Law Number 11 of 2020 on Job Creation, the government is responsible for increasing, equitable distribution of economic and investment activities in the regions by providing incentives and/or ease to the Community and/or Investors according to the investment potential in the regions.

This has also been confirmed in the provisions of Article 7 of Government Regulation Number 24 of 2019 on Provision of Incentives and Ease of Investment in the Regions which gives a mandate to local governments through the establishment of Regional Regulations in regulating the Provision of Incentives and/or provision of ease to the Community and/or investors in the regions.

This Regional Regulation as mandated in a higher regulation regulates the criteria for the Provision of Incentives and/or Ease, the forms of provided incentives and/or ease, types of business or investment activities that provides incentives and/or ease, procedures for the Provision of Incentives and/ or Provision of Ease, the period and frequency of the Provision of Incentives and/or Provision of Ease, and the evaluation and reporting of the Provision of Incentives and/or the Provision of Ease.



II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Point a

The term "legal certainty" means the principle set down law and the provisions of legislation as the basis for the Local Government in taking any policies and actions in the Provision of Incentives and/or Provision of Ease of Investment.

Point b

The term "equality" means an equal treatment of Investors without impartiality and benefit to a particular class, group, or business scale.

Point c

The term "transparency" means the information disclosure in the Provision of Incentives and/or Provision of Ease to the Community and/or Investors.

Point d

The term "accountability" means a form of accountability for the Provision of Incentives and/or Provision of Ease of Investment.

Point e

The term "effective and efficient" means rational and economical considerations as well as guarantees that have an impact on increase productivity and public services.

Article 4

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

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

The term "certain location" includes businesses located in remote areas, underdeveloped areas, border areas, and/ or located in certain strategic areas in accordance with the provisions of legislation.

Point e

The term "special permit" includes among others businesses that require a permit from a particular ministry/institution in accordance with the provisions of legislation.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Article 10

Section (1)

Point a

reduction, relief, and exemption or elimination of Local tax principals and/or sanctions, among others, in the

form of:

- a. adjustment of the Sales Value of Taxable Objects Not Subject to Tax (NJOPTKP) and the Sales Value of Taxable Objects (NJOP) of land and buildings;
- b. reduction, relief, and exemption or elimination in certain cases of local tax base and/or sanctions;
- c. providing reductions, relief, or exemption from Land Title Acquisition Fees and Building (BPHTB); and
- d. gradual payments of local tax.

Point b

reduction, relief, and exemption or elimination of the principal local levies and/or sanctions, among others, in the form of levies for building Approvals for Public Houses for low-income people.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term "provision of facilities and infrastructure" means a form of ease of obtaining supporting facilities and infrastructure, including public infrastructure, provision of drinking water and sanitation facilities, firefighting, health services, waste management, and provision of industrial and supporting infrastructure.

Point c

The term "facilitating the provision of land or location" includes forms of ease in processing land ownership, provision of data and information related to land and location, and mediation of dispute resolution.

Point d

Sufficiently clear.

Point e

The simplification and acceleration of giving permit through a one-stop integrated service is carried out in stages using an integrated business licensing system electronically.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point j

Sufficiently clear.

Point k

Sufficiently clear.

Point l

Sufficiently clear.

Point m

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 11

Sufficiently clear.

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

Sufficiently clear.