



MAYOR OF TEGAL CITY
CENTRAL JAVA PROVINCE

REGULATION OF THE MAYOR OF TEGAL CITY

NUMBER 3 OF 2015

CONCERNING

CAPITAL INVESTMENT

BY THE GRACE OF GOD ALMIGHTY

MAYOR OF TEGAL CITY,

- Considering :
- a. that capital investment is one of the driving factors of the economy, development financing, and job creation in the region in the framework of realizing the well-being of the people;
 - b. that in order to cultivate and develop a favorable climate of capital investment it is necessary to create the facility of effort and legal certainty for capital planters who implant their modes in the region;
 - c. hat based on considerations as referred to in letter a, and letter b, it is necessary to establish the Regional Rules on Capital Plantation;
- Remembering :
1. Article 18(6) of the Constitution of the Republic of Indonesia of 1945;
 2. Law No. 16 of 1950 on the Establishment of Districts of Large Cities in the Environment of East Java Province, Central Java, West Java and in the Yogyakarta Special District;
 3. Law No. 17 of 1950 on the Establishment of Small City Regions in the Environment of East Java, Central Java and West Java;
 4. Law Number 13 of 1954 on Amendments to Law Number 16 and Number 17 of 1950 on the Establishment of Large Cities and Small Cities in Java (State Gazette of the Republic of Indonesia Number 40, Supplement of the State Gazette Number 551);

5. Law Number 25 Year 2004 on the National Development Planning System (State Gazette of the Republic of Indonesia Year 2004 Number 104, Supplement to State Gazette of the Republic of Indonesia Number 4421);
6. Law Number 25 Year 2007 on Capital Investment (State Gazette of the Republic of Indonesia Year 2007 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 4724);
7. Law Number 40 Year 2007 on Limited Liability Companies (State Gazette of the Republic of Indonesia Year 2007 Number 106, Supplement to State Gazette of the Republic of Indonesia Number 4852);
8. Law No. 20/2008 on Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2008 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 4866);
9. Law Number 25 Year 2009 on Public Services (State Gazette of the Republic of Indonesia Year 2009 Number 112, Supplement to State Gazette of the Republic of Indonesia Number 5038);
10. Law Number 32 of 2009 concerning Environmental Protection and Management (State Gazette of the Republic of Indonesia of 2009 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 5059);
11. Law Number 12 of 2011 on the Formation of Laws and Regulations (State Gazette of the Republic of Indonesia Year 2011 Number 82, Supplement to State Gazette of the Republic of Indonesia Number 5234);
12. Law Number 3 Year 2014 on Industry (State Gazette of the Republic of Indonesia Year 2014 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 5492);
13. Law Number 7 Year 2014 on Trade (State Gazette of the Republic of Indonesia Year 2014 Number 45, Supplement to State Gazette of the Republic of Indonesia Number 5512);
14. Law Number 23 of 2014 concerning Regional Government, (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to State Gazette of the Republic of Indonesia Number 5587) as amended several times lastly by Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2015 Number 3).
58, Supplement to the State Gazette of the Republic of Indonesia Number 5679);

15. Regulation. . .

15. Government Regulation No. 7 of 1986 Concerning the Boundary Changes of Tegal Municipality and Tegal Regency (State Gazette of the Republic of Indonesia Year 1986 Number 8, Supplement to State Gazette of the Republic of Indonesia Number 3321);
16. Government Regulation No. 22 Year 2007 on the Boundary Changes between Tegal City and Brebes Regency of Central Java Province at the Estuary of Kaligangsa River (State Gazette of the Republic of Indonesia Year 2007 Number 48, Supplement to State Gazette of the Republic of Indonesia Number 4713);
17. Government Regulation Number 1 Year 2008 on Government Investment (State Gazette of the Republic of Indonesia Year 2008 Number 14, Supplement to State Gazette of the Republic of Indonesia Number 4812);
18. Government Regulation No. 45/2008 on Guidelines for Providing Incentives and Ease of Investment in the Regions (State Gazette of the Republic of Indonesia Year 2008 Number 58, Supplement to State Gazette of the Republic of Indonesia Number 4854);
19. Government Regulation Number 24 of 2009 concerning Industrial Estates (State Gazette of the Republic of Indonesia of 2009 Number 47, Supplement to State Gazette of the Republic of Indonesia Number 4987);
20. Government Regulation No. 17 of 2013 on the Implementation of Law No. 20 of 2008 on Micro, Small and Medium Enterprises (State Gazette of the Republic of Indonesia of 2013 No. 40, Supplement to State Gazette of the Republic of Indonesia No. 5404);
21. Presidential Regulation No. 16/2012 on the General Investment Plan (State Gazette of the Republic of Indonesia Year 2012 No. 42);
22. Presidential Regulation Number 39 of 2014 on the List of Business Fields that are Closed and Business Fields that are Open with Requirements in the Investment Sector (State Gazette of the Republic of Indonesia Year 2014 Number 93);
23. Presidential Regulation No. 87/2014 on the Implementation Regulation of Law No. 12/2011 on the Formation of Legislation (State Gazette of the Republic of Indonesia 2014 No. 199);
24. Presidential Regulation Number 97 of 2014 on the Implementation of One-Stop Integrated Services (State Gazette of the Republic of Indonesia of 2014 Number 221);
25. Regulation. . .

25. Regional Regulation of Central Java Province Number 7 of 2010 concerning Investment in Central Java Province (Regional Gazette of Central Java Province of 2010 Number 7, Supplement to Regional Gazette of Central Java Province Number 29);
26. Regional Regulation of the Municipality of Tegal Level II Number 6 of 1988 concerning Changes in Boundaries and Area of the Municipality of Tegal Level II and Enforcing All Regional Regulations of the Municipality of Tegal Level II and Decisions of the Mayor of Tegal Level II (Regional Gazette of the Municipality of Tegal Level II Year 1989 Number 4);
27. Tegal City Regional Regulation No. 5 of 2008 concerning Government Affairs that are the Authority of Tegal City Regional Government (Tegal City Regional Gazette of 2008 No. 10);
28. Tegal City Regional Regulation Number 4 of 2012 concerning the Tegal City Regional Spatial Plan 2011-2031 (Tegal City Regional Gazette 2012 Number 4, Supplement to Tegal City Regional Gazette Number 12);

With the Joint Approval of
LOCAL PEOPLE'S REPRESENTATIVE COUNCIL OF TEGAL CITY

And
MAYOR OF TEGAL CITY

DECIDE:

Establish : REGIONAL REGULATIONS ON CAPITAL INVESTMENT.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Regional Regulation, what is meant by:

1. The region is Tegal City.
2. Regional Government is the Mayor and regional apparatus as an organising element of Regional Government which leads the implementation of government affairs which are the authority of the Tegal City Government.
3. Mayor is the Mayor of Tegal.
4. The Regional Work Unit in charge, hereinafter referred to as the SKPD in charge, is the regional work unit in charge of investment affairs.
5. Capital. . .

5. Capital is an asset in the form of money and/or other forms that are not money owned by investors that have economic value.
6. Domestic capital is capital owned by the Republic of Indonesia, individual Indonesian citizens, or business entities in the form of legal entities or unincorporated.
7. Investment is all forms of investment activities both by domestic investors and foreign investors to conduct business in the region.
8. Investors are individuals or business entities that make investments which can be in the form of domestic investors and foreign investors.
9. Domestic Investors are individual Indonesian citizens, domestic business entities, or Regions that invest in the region.
10. Foreign Investors are individual foreign nationals, foreign business entities, and/or foreign governments that invest in the regions.
11. Licensing is any form of approval for investment issued by the Government and/or Local Government that has the authority in accordance with the provisions of laws and regulations.
12. Permit is a document issued by the Local Government based on Local Regulations or other laws and regulations which is proof of legality stating the validity or permissibility of a person or entity to carry out certain businesses or activities.
13. Non-licensing is any form of ease of service, fiscal facilities and information on investment, in accordance with the provisions of the law.
14. A Principle Permit is a permit to start investment activities in a business sector that can obtain fiscal facilities and in the implementation of its investment requires fiscal facilities.
15. Business Permit is a permit from the Government, Provincial Government, Municipal Government that must be owned by a company to start the implementation of production/operation activities that produce goods or services, unless otherwise determined by sectoral laws and regulations.
16. The Electronic Investment Information and Licensing Service System, hereinafter abbreviated as SPIPISE, is an electronic system for licensing and non-licensing services that is integrated between the Investment Coordinating Board and Ministries/Non-Departmental Government Agencies, Provincial and Municipal Governments that have licensing and non-licensing authority.
17. One Stop Integrated Service, hereinafter abbreviated as PTSP, is an activity of licensing and non-licensing in the Investment Sector based on delegation or delegation of authority from institutions or agencies that have licensing and non-licensing authority whose management process starts from the application stage to the issuance of documents carried out in one place.

18. Business. . .

18. Micro, Small, and Medium Enterprises, hereinafter abbreviated as UMKM, are Micro, Small, and Medium Enterprises, as referred to in Law Number 20/2008 on Micro, Small, and Medium Enterprises.
19. Partnership is cooperation in business linkages, both direct and indirect, on the basis of the principles of mutual need, trust, strengthening, and benefit involving Micro, Small, and Medium Enterprises and Large Enterprises.

CHAPTER II PRINCIPLES, AIMS AND OBJECTIVES

Article 2

Investment is organised based on the principles:

- a. legal certainty;
- b. openness;
- c. Accountability;
- d. non-discrimination;
- e. partnership;
- f. equitable efficiency;
- g. self-reliance;
- h. environmentally sound;
- i. sustainable; and
- j. balance, progress and unity of the regional economy.

Article 3

The implementation of investment aims to:

- a. mobilise and increase economic growth;
- b. help with regional financing;
- c. creating jobs;
- d. creating a conducive business climate in the region;
- e. encouraging the development of UMKM;
- f. cultivate regional economic potential; and
- g. improve the welfare of the community.

Article 4

Investment targets include:

- a. creating a conducive business climate;
- b. increased economic growth;
- c. increase in the number of investors;
- d. increased investment realisation;
- e. increased new employment opportunities; and
- f. the realisation of community welfare.

CHAPTER III
BASIC INVESTMENT POLICY

Article 5

- (1) The Local Government sets the basic investment policy for:
 - a. encourage the creation of a conducive business climate for investment in order to strengthen competitiveness in the regional, national, and global economy;
 - b. increase and accelerate investment realisation; and
 - c. encourage investment in UMKM;
- (2) In determining the basic policy as referred to in paragraph (1), the Regional Government:
 - a. provide equal treatment and opportunities for investors while taking into account regional interests;
 - b. guarantee legal certainty, business certainty and business security for investors since the licensing process until the end of investment activities in accordance with the provisions of laws and regulations; and
 - c. provide opportunities and protection for the development of UMKM and cooperatives.
- (3) The basic investment policy as referred to in paragraph (1) and paragraph (2) is prepared in the form of a Regional Investment General Plan which is regulated by Mayor Regulation.

CHAPTER IV
AUTHORITY TO ORGANISE INVESTMENT
SERVICES

Article 6

- (1) The implementation of investment services is carried out by PTSP to accelerate investment.
- (2) PTSP as referred to in paragraph (1) includes simplification of documents, ease of process, short licensing completion time and other forms of services that support the acceleration of investment.
- (3) For the implementation of investment services as referred to in paragraph (1), the Mayor delegates the authority to grant licences and non-licences to the Head of the Supervising SKPD.

CHAPTER V
INVESTMENT IMPLEMENTATION

Section One

Scope

Article 7

The scope of investment implementation includes:

- a. investment planning;
- b. investment co-operation;
- c. investment promotion;
- d. investment services;
- e. control of investment implementation;
- f. management of investment data and information systems; and
- g. investment dissemination, education and training.

Second Section

Investment Planning

Article 8

- (1) Investment planning as referred to in Article 7 letter a is carried out by the Regional Government by formulating policies and compiling the needs of business fields for investment.
- (2) In investment planning as referred to in paragraph (1), the Local Government may enter into cooperation with other Local Governments, the Provincial Government, and the Government.
- (3) Planning as referred to in paragraph (1) and paragraph (2) is carried out through investment planning coordination meetings.

Third Section

Investment Cooperation

Article 9

- (1) Investment cooperation as referred to in Article 7 letter b, is carried out by the Regional Government with other Regional Governments, Provincial Governments, the Government or the private sector on the basis of equal position and mutual benefit.
- (2) The Local Government may conduct investment cooperation with other countries and/or foreign legal entities through the coordination of the Provincial Government and the Government.
- (3) Cooperation as referred to in paragraph (1) is carried out by the SKPD in charge including :
 - a. investment planning;
 - b. investment promotion;
 - c. service. . .

- c. investment services;
- d. investment development;
- e. investment control; and
- f. other investment activities.

Fourth Section

Investment Promotion

Article 10

- (1) Investment promotion as referred to in Article 7 letter c is carried out by:
 - a. review, formulate and compile technical policies for the implementation of guidance on investment promotion;
 - b. coordinate, review, formulate and compile capital investment promotion materials; and
 - c. coordinate and implement investment promotion.
- (2) Implementation of investment promotion as referred to in paragraph (1) be carried out independently and/or in collaboration with other Regional Governments, the Provincial Government, the Government, and private institutions.

Fifth Section

Investment Services

Paragraph 1

Scope of Investment Services

Article 11

The scope of investment services as referred to in Article 7 letter d, includes:

- a. type of business field and form of business entity;
- b. investors;
- c. Licences;
- d. investment period;
- e. rights, obligations, and responsibilities of investors;
- f. investment location; and
- g. Investment incentives

Paragraph 2

Type of Business Field and Form of Business

Entity

Article 12

- (1) All types of business fields are open for investment activities, except for the types of business fields declared closed and declared open with requirements in accordance with the provisions of laws and regulations.
- (2) Investors who will conduct investment activities must pay attention to the laws and regulations stating the types of business fields that are closed and open with conditions.

Article 13 . . .

Article 13

- (1) Domestic investment is carried out by business entities incorporated, unincorporated or individual businesses, in accordance with the provisions of laws and regulations.
- (2) Foreign investment must be in the form of a limited liability company based on Indonesian law and domiciled within the territory of Indonesia, unless otherwise provided by law.
- (3) Domestic investors and foreign investors who invest in the form of a limited liability company shall do so by:
 - a. take shares at the time of incorporation of the limited liability company;
 - b. purchase shares; and
 - c. conduct other means in accordance with the provisions of the applicable laws and regulations.

Paragraph 3 Investors

Article 14

Domestic investors who will carry out investment can be carried out by limited liability companies, *Commanditaire Vennotschap*, firms, cooperatives, state-owned enterprises, regional-owned enterprises, and investors who are not legal entities or individuals.

Paragraph 4 Licensing

Article 15

- (1) Every investor is required to have a licence, except for investment in micro, small and medium enterprises.
- (2) Investment licence as referred to in paragraph (1), consists of:
 - a. Principle permit; and
 - b. Business licence.
- (3) Exempted from the principle licence as referred to in paragraph (2) letter a, is an investor whose business field does not obtain fiscal facilities and/or in the implementation of its investment does not require fiscal facilities.
- (4) The investment licence as referred to in paragraph (2), in the event of a change, must submit the change to the Mayor.
- (5) The Mayor may delegate the authority to issue permits as referred to in paragraph (1) and amendments to permits as referred to in paragraph (4), to the Administering SKPD.
- (6) Investors who have obtained the licence as referred to in paragraph (1), must complete other related licences in accordance with their business field.

(7).provisions . . .

- (7) Further provisions regarding the scope and mechanism of licensing and non-licensing services are regulated by Mayor Regulation.

Paragraph 5
Investment Period Article 16

Term Time period investment capital in accordance with the provisions of applicable laws and regulations.

Paragraph 6
Rights, Obligations, and Responsibilities of Investors

Article 17

Every investor is entitled to get :

- a. certainty of rights, law, and protection;
- b. open information about the business it operates;
- c. services; and
- d. various form facilities convenience according to the provisions of laws and regulations.

Article 18

Every investor is obliged to:

- a. implementing the principles of good corporate governance;
- b. implementing corporate social responsibility;
- c. create report activities investment capital and submit it to the SKPD in charge;
- d. respecting the cultural traditions of the community around the location of investment activities; and
- e. comply with all provisions of laws and regulations.

Article 19

Every investor is responsible :

- a. ensure the availability of capital from sources that are not contrary to the provisions of laws and regulations;
- b. bear and settle all obligations and losses if the investor unilaterally stops, abandons or abandons its business activities in accordance with the provisions of laws and regulations;
- c. creating a business climate of fair competition, preventing monopolistic practices, and other things that are detrimental to the region;
- d. preserving the environment;
- e. creating occupational safety and health, as well as worker comfort and welfare;
- f. comply with all provisions of laws and regulations.

Paragraph 7

Location of Investment

Article 20

Government Regional establishes location investment capital based on Regional Spatial Plan.

Paragraph 8

PTSP

Article 21

- (1) PTSP includes licensing and non-licensing services.
- (2) Licensing and non-licensing services as referred to in paragraph (1) is implemented using SPIPISE which is integrated with the Government and the Provincial Government.
- (3) Further provisions regarding the procedures for implementing PTSP shall be regulated by Mayor Regulation.

Sixth Section

Control of Investment Implementation

Article 22

- (1) Control implementation investment capital as referred to in Article 7 letter e, includes:
 - a. investment facilities for investors; and
 - b. performance of obligations as an investor.
- (2) Control of investment implementation is carried out through:
 - a. Monitoring;
 - b. coaching; and
 - c. surveillance.
- (3) The implementation of monitoring as referred to in paragraph (2) letter a is carried out by means of:
 - a. collection of investment realisation data contained in the company's investment activity report;
 - b. matching and research data realization investment modal listed in the company's investment activity report; and
 - c. evaluation of investment realisation data contained in the company's investment activity report.
- (4) The implementation of coaching as referred to in paragraph (2) letter b is carried out by means of:
 - a. socialisation of the implementation of investment regulations;
 - b. providing consultation and guidance on the implementation of investment in accordance with the provisions of licences that have been obtained; and
 - c. facilitation resolving problems/obstacles that faced by investors in realising their investment activities.

(5) supervision. . .

- (5) The implementation of supervision as referred to in paragraph (2) letter c shall be carried out by means of:
 - a. research and evaluation on information implementation investment provisions and facilities that have been granted;
 - b. inspection of the investor's project site; and
 - c. follow-up on deviations from investment regulations.
- (6) Procedures for the implementation of monitoring, guidance and supervision as referred to in paragraph (3), paragraph (4) and paragraph (5) shall be regulated by Mayor Regulation.

Seventh Section
Investment Data Management and Information System

Article 23

Data management and investment information system as referred to in Article 7 letter f, includes licensing and non-licensing services for investment through PTSP which is implemented using SPIPISE which is integrated with the Government and Provincial Government.

Eighth Section
Investment Dissemination, Education and Training
Article 24

- (1) Investment dissemination, education and training as referred to in Article 7 letter g includes:
 - a. fostering and supervising the implementation of investment in the field of investment information systems;
 - b. coordinate the implementation of socialisation of policies and planning, development, foreign cooperation, promotion, licensing services, implementation control, and investment information systems to government officials and the business world; and
 - c. coordinate and implement investment education and training.
- (2) The implementation of investment dissemination, education and training as referred to in paragraph (1) shall be carried out by SKPD.

CHAPTER VI
INCENTIVES AND/OR EASE OF INVESTMENT

Article 25

The Regional Government can provide incentives and/or ease of investment in accordance with the authority, conditions, and capabilities of the region which are implemented based on the principle:

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

Article 26 . . .

Article 26

Types of business or activities that are prioritised to obtain incentives and/or ease of investment are:

- a. trade;
- b. Industry;
- c. maritime;
- d. fisheries;
- e. tourism;
- f. hospitality and restaurants;
- g. Education;
- h. health.

Article 27

Incentives and/or ease of investment can be given to investors who fulfil one of the criteria of the following elements:

- a. contributing to increased community income;
- b. absorbs a lot of labour;
- c. using mostly local resources;
- d. contributing to the improvement of public services;
- e. provide contribution in the improvement of product gross regional domestic product;
- f. environmentally sound and sustainable;
- g. including a high priority scale;
- h. including infrastructure development;
- i. conduct technology transfer;
- j. do pioneer industries;
- k. are in less developed neighbourhoods;
- l. carry out research, development and innovation activities;
- m. partnering with UMKM; or
- n. industries that utilise locally produced capital goods, machinery or equipment.

Article 28

- (1) Forms of incentives that can be given to investors are:
 - a. reduction, relief or exemption of local taxes;
 - b. reduction, relief or exemption of regional retribution;
 - c. provision of stimulant funds; and/or
 - d. provision of capital assistance.
- (2) Forms of convenience that can be given to investors are:
 - a. provision of data on investment opportunity information;
 - b. provision of facilities and infrastructure;
 - c. land and site provision;
 - d. provision of technical assistance; and/or acceleration of the licensing process in parallel.
- (3) The implementation of incentives and/or facilities as referred to in paragraphs (1) and (2) shall be implemented based on the prevailing laws and regulations.

Article 29 . . .

Article 29

Tata How to granting incentives and/or ease investment capital as referred to in Article 27 shall be regulated by Mayor Regulation.

CHAPTER VII
PARTNERSHIPS

Article 30

- (1) Partnerships in investment are implemented between investors and UMKM based on the principles of: mutual need, mutual trust, mutual strengthening, and mutual benefit.
- (2) In implementing the partnership as referred to in paragraph (1), the parties shall have equal legal standing and Indonesian law shall apply to them.
- (3) The partnership as referred to in paragraph (1) shall be implemented by providing assistance and strengthening by the investor.
- (4) Partnerships include the transfer of skills in production and processing, marketing, capital, human resources, and technology in accordance with the partnership pattern.
- (5) The partnership pattern in investment as referred to in paragraph (4) includes:
 - a. core-plasma;
 - b. subcontracting;
 - c. franchising;
 - d. general trading;
 - e. distribution and agency;
 - f. profit sharing;
 - g. operational co-operation;
 - h. *joint venture*;
 - i. *outsourcing*; and
 - j. other forms of partnership in accordance with applicable laws and regulations.
- (6) Any form of partnership between investors and UMKM must be set out in writing in a partnership agreement.
- (7) Further provisions on the terms of partnership shall be regulated by Mayor Regulation.

CHAPTER VIII
EMPLOYMENT

Article 31

- (1) Investment companies in meeting their labour needs must prioritise local labour, taking into account gender balance.
- (2) Local governments together with investor companies facilitate efforts to improve and enhance labour competencies.

(3) Investment . . .

- (3) Investment companies that employ foreign workers are required to organise training and transfer technology to local workers in accordance with the provisions of laws and regulations.
- (4) Investment companies are obliged to provide protection, wages, and work safety in accordance with laws and regulations.
- (5) Local governments facilitate fair, fast, and efficient industrial relations dispute resolution procedures and systems.

CHAPTER IX COMMUNITY PARTICIPATION

Article 32

- (1) People can play a role participate in the implementation of investment by:
 - a. submission of suggestions;
 - b. delivery of regional potential information.
- (2) Community participation as referred to in paragraph (1) aims to:
 - a. realising sustainable investment;
 - b. prevent violations of laws and regulations;
 - c. prevent negative impacts as a result of investment;
 - d. grow togetherness between community with investors.
- (3) To support the implementation of community participation as referred to in paragraph (1) and paragraph (2), the SKPD in charge shall organise activities and facilitate community participation.

CHAPTER X DISPUTE RESOLUTION

Article 33

- (1) In the event of a dispute in the field of investment between the Local Government and the investor, the parties shall first resolve through deliberation and consensus.
- (2) In the event that dispute settlement as referred to in paragraph (1) is not reached, dispute settlement may be conducted through arbitration or alternative dispute resolution or court in accordance with the provisions of laws and regulations.
- (3) In the event of a dispute in the field of investment between the Local Government and domestic investors, the parties may settle the dispute through arbitration based on the agreement of the parties, and if the dispute settlement through arbitration is not agreed upon, the dispute settlement will be conducted in court.
- (4) In the event of a dispute in the field of investment between the Local Government and a foreign investor, the parties will resolve the dispute through international arbitration which must be agreed by the parties.

CHAPTER XI . . .

CHAPTER XI
ADMINISTRATIVE SANCTIONS

Article 34

- (1) Investors who do not fulfil their obligations and responsibilities as referred to in Article 15 paragraph (1), Article 18, and Article 19, are subject to administrative sanctions.
- (2) Administrative sanctions as referred to in paragraph (1) in the form of:
 - a. written warning;
 - b. restrictions on business activities;
 - c. suspension of business activities and/or investment facilities; or
 - d. revocation of business licence and/or investment facility.
- (3) The administrative witness as referred to in paragraph (2) shall be conducted by the Mayor or may be delegated to SKPD.

CHAPTER XII
TRANSITIONAL PROVISIONS

Article 35

When this Regional Regulation comes into effect, all approvals and investment business licences that have been issued shall remain valid until the expiry of the licence period.

CHAPTER XIII
CLOSING PROVISIONS

Article 36

This Regional Regulation shall come into force on the date of promulgation. So that everyone may know it, ordered the promulgation of this Regional Regulation by placing it in the Tegal City Regional Gazette.

Issued in Tegal,
On 16 October 2015
MAYOR OF TEGAL CITY,
ttd

SITI MASITHA SOEPARNO

Promulgated in Tegal
on 16 October 2015

Plt. REGIONAL SECRETARY OF TEGAL CITY

ttd

DYAH KEMALA SINTHA

REGIONAL GAZETTE OF THE TEGAL CITY OF 2015 NUMBER 3

REGISTRATION NUMBER OF THE TEGAL CITY REGIONAL REGULATION
OF PROVINCE OF CENTRAL JAVA : 3/2015

Copy in accordance with the original
HEAD OF LAW AND ORGANISATION SECTION

ttd

I. SUTJIPTO, S.H.
Pembina Tingkat I
NIP.195801021986031015

EXPLANATION OF
LOCAL REGULATION OF TEGALCITY NUMBER 3 OF 2015
ON CAPITAL INVESTMENT

I. GENERAL

One important factor in realising community welfare is economic growth, which, among others, can be encouraged through the creation of a conducive investment climate. Investment activities fuelled by a conducive climate will give rise to dynamic economic activities, which then contribute to economic growth and the improvement of people's welfare through the provision of new jobs and the processing of potential economic resources into real economic power.

Therefore, efforts to create a conducive investment climate that is able to stimulate investment activity should be one of the important steps for local governments, especially in an era where regions have considerable space to regulate and manage their households.

Regulation is one of the important instruments to realise a conducive investment climate. With regulation, important aspects in fostering the investment climate can be accommodated and various interests related to investment activities can also be balanced and combined. The existence of regulations on investment can provide a guarantee of legal certainty for capital owners to invest and run their businesses.

Tegal City as one of the autonomous regions that has the authority to regulate and manage investment affairs, until now does not have a regulatory framework in the form of local regulations that regulate and encourage economic activity, especially investment. Therefore, it is important and urgent to establish a Regional Regulation on Investment.

II. ARTICLE BY ARTICLE

Article 1

Clear enough.

Article 2

Letter a

What is meant by "the principle of legal certainty" is the principle that puts the law and the provisions of laws and regulations as the basis in every policy and action in the field of investment.

Letter. . .

Letter b

What is meant by "the principle of openness" is the principle that gives the public the right to obtain clear, correct and honest information about investment activities.

Letter c

What is meant by "accountability principle" is a principle that determines that every activity and the final result of the implementation of investment must be accounted to the community or the people as the highest sovereignty holder of the state in accordance with the provisions of laws and regulations.

Letter d

What is meant by "non-discrimination principle" is the principle of service treatment based on the provisions of laws and regulations, which does not discriminate against the origin and background of investors.

Letter e

What is meant by "partnership principle" is a principle that requires the role of investors together with local business actors, especially Micro, Small and Medium Enterprises in their business activities to realise people's welfare.

Letter f

"equitable efficiency principle" means the principle underlying the implementation of investment by promoting equitable efficiency in an effort to realise a fair, conducive, and competitive business climate.

Letter g

What is meant by "the principle of independence" is the principle that continues to prioritise the potential of the nation and state by not closing itself to the entry of foreign capital in order to realise economic growth.

Letter h

"Environmentally sound principle" means the principle that requires investment to be carried out while paying attention to and prioritising the protection and maintenance of the environment.

Letter i

What is meant by "sustainable principle" is the principle that requires investment as part of the development process to ensure prosperity and progress in all aspects of life, both for the present and the future.

Letter j

What is meant by "the principle of balance, progress and regional economic unity" is a principle that seeks to maintain a balance of economic progress between regions in the Region within the national economic unity.

Article 3

Clear enough.

Article 4 . . .

Article 4

Clear enough.

Article 5

Paragraph (1)

Clear enough.

Paragraph (2)

Clear enough.

Paragraph (3)

What is meant by "Regional Investment General Plan (RUPMD)" is a macro investment plan integrated with regional development planning and provincial RUPMD, which is prepared through the mechanism of Regional Investment Planning Coordination Meeting. The RUPMD includes the formulation of guidelines for guidance and supervision on a regional scale; coordination of proposals for business fields that are considered closed, open with conditions and those that need to be considered for high priority on a regional scale; preparation of regional resource maps and investment maps; proposals for providing facilities for investors outside of national fiscal and non-fiscal.

Article 6

Clear enough.

Article 7

Clear enough.

Article 8

Paragraph (1)

Clear enough.

Paragraph (2)

Whichreferred to Government Local Government other is government other regencies or cities in Indonesia.

Paragraph (3)

Clear enough.

Article 9

Paragraph (1)

Whichreferred to Government Local Government other id government other regencies or cities in Indonesia.

Paragraph (2)

Clear enough.

Paragraph (3)

Clear enough.

Article 10

Paragraph (1)

Clear enough.

Paragraph (2)

Whichreferred to Government Local Government other is government other regencies or cities in Indonesia.

Article 11 . . .

Article 11
Clear enough.

Article 12
Clear enough.

Article 13
Clear enough.

Article 14
Clear enough.

Article 15
Clear enough.

Article 16
Clear enough.

Article 17
Clear enough.

Article 18
Clear enough.

Article 19
Clear enough.

Article 20
Clear enough.

Article 21
Clear enough.

Article 22
Clear enough.

Article 23
Clear enough.

Article 24
Clear enough.

Article 25
Clear enough.

Article 26
Clear enough.

Article 27
Clear enough.

Article 28
Clear enough.

Article 29
Clear enough.

Article 30 . . .

Article 30

Paragraph (1)

Clear enough.

Paragraph (2)

Clear enough.

Paragraph (3)

Clear enough.

Paragraph (4)

Clear enough.

Paragraph (5)

Letter a

What is meant by "inti-plasma" is a Partnership that is carried out by means of an investor as the core playing a role in providing inputs, buying plasma products, and carrying out production processes to produce certain commodities, and Micro, Small, and Medium Enterprises as plasma supplying/providing/producing/selling goods or services needed by the core.

Letter b

What is meant by "subcontracting" is a Partnership carried out between the subcontractee to produce goods and/or services required by the investor as the main contractor accompanied by support in carrying out part of the production and/or components, smoothly obtaining raw materials, technical production knowledge, technology, financing, and payment systems.

Letter c

What is meant by "franchise" is a special right owned by an individual or business entity to a business system with business characteristics in the context of marketing goods and/or services that have proven successful and can be utilised and/or used by other parties based on a franchise agreement.

Letter d

What is meant by "general trading" is a Partnership conducted in the form of marketing cooperation, provision of business location, or acceptance of supply/provision of goods or services from Micro, Small, and Medium Enterprises by investors, which is conducted openly.

Letter e

What is meant by "distribution and agency" is a Partnership conducted by way of an investor granting special rights to market goods and/or services to Micro, Small and Medium Enterprises.

Letter f

What is meant by "profit sharing" is a Partnership conducted by an investor with Micro, Small, and Medium Enterprises in which the profit sharing is calculated from the net results of the business and in the event of a loss is borne jointly based on a written agreement.

Letter g . . .

Letter g

What is meant by "operational cooperation" is a Partnership conducted by an investor by cooperating with Micro, Small and/or Medium Enterprises to conduct a joint business by using the assets and/or business rights owned and jointly bearing business risks.

Letter h

What is meant by "*joint venture*" is a Partnership carried out by means of Indonesian Micro, Small and Medium Enterprises cooperating with foreign investors to carry out joint economic activities in which each party contributes share capital by establishing a limited liability company legal entity and shares equally in the company's profits and/or risks.

Letter i

What is meant by "*outsourcing*" is a Partnership implemented in the procurement/provision of certain work/part of work services that are not the main work and/or not the main component in a field of business from investors by Micro, Small and Medium Enterprises.

Letter j

What is meant by "other forms of Partnership" is a Partnership that develops in the community and the Business World in line with progress and needs, or that has occurred in the community.

Paragraph (6)

Clear enough.

Paragraph (7)

Clear enough.

Article 31

Clear enough.

Article 32

Clear enough.

Article 33

Self-explanatory

Article 34

Clear enough.

Article 35

Clear enough.

Article 36

Clear enough.