



**THE MAYOR OF MEDAN**

**COPY**

LOCAL REGULATIONS OF MEDAN CITY  
NUMBER 4 OF 2024

ABOUT

PROVISION OF INCENTIVES AND EASE OF INVESTMENT  
BY THE GRACE OF ALMIGHTY GOD

THE MAYOR OF MEDAN,

Considering: that in order to implement the provisions of Article 7 paragraph (1) of Government Regulation Number 24 of 2019 concerning the Provision of Investment Incentives and Facilities in Regions, it is necessary to stipulate Regional Regulations concerning the Provision of Investment Incentives and Facilities.

Recalling: 1. Article 18 paragraph (6) of the 1945 Constitution of the Republic of Indonesia;  
2. Emergency Law Number 8 of 1956 concerning the Establishment of Autonomous Regions of Large Cities within the Province of North Sumatra (State Gazette of the Republic of Indonesia 1956 Number 56, Supplement to the State Gazette of the Republic of Indonesia Number 1092);  
3. Law Number 25 of 2007 concerning Investment (State Gazette of the Republic of Indonesia of 2007 Number 67, Supplement to the State Gazette of the Republic of Indonesia Number 4724) as amended several times, most recently by Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (State Gazette of the Republic of Indonesia of 2023

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- Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
4. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587), as amended several times, most recently by Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (State Gazette of the Republic of Indonesia 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
  5. Law Number 1 of 2022 concerning Financial Balance Between the Central Government and Regional Governments (State Gazette of the Republic of Indonesia 2022 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6757);
  6. Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to Become Law (State Gazette of the Republic of Indonesia 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856),
  7. Law Number 8 of 2023 concerning the Province of North Sumatra (State Gazette of the Republic of Indonesia 2023 Number 55, Supplement to the State Gazette of the Republic of Indonesia Number 6864);
  8. Government Regulation Number 24 of 2019 concerning the Provision of Investment Incentives and Facilities in Regions (State Gazette of the Republic of Indonesia 2019 Number 63, Supplement to the State Gazette of the Republic of Indonesia Number 6330);
  9. Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing (State Gazette of the Republic of Indonesia 2021 Number 15,



Supplement to the State Gazette of the Republic of Indonesia Number 6617);

10. Government Regulation Number 6 of 2021 concerning the Implementation of Business Licensing in Regions (State Gazette of the Republic of Indonesia 2021 Number 16, Supplement to the State Gazette of the Republic of Indonesia Number);
11. Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 64 of 2012 concerning Guidelines for the Implementation of Provision of Incentives and Provision of Investment Facilities in Regions (State Gazette of the Republic of Indonesia 2012 Number 930);
12. Medan City Regional Regulation Number 1 of 2022 concerning the Medan City Spatial Planning Plan for 2022-2042 (Medan City Regional Gazette 2022 Number 1, Supplement to Medan City Regional Gazette Number 1).

By Joint Approval

REGIONAL REPRESENTATIVE ASSEMBLY OF MEDAN and  
THE MAYOR OF MEDAN

RESOLVING:

Determining: REGIONAL REGULATION ON THE PROVISION OF  
INCENTIVES AND EASE OF INVESTMENT.

#### CHAPTER 1

#### THE GENERAL DEFINED REGULATION

#### Article 1

In this Regional Regulation, the following terms are defined:

1. The area is Medan City.
2. The Central Government is the President of the Republic of Indonesia who holds the power to govern the Republic of Indonesia, assisted by the Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
3. The Provincial Government is the Governor of North Sumatra as an element of the Regional Government organizer who



leads the implementation of Government affairs that are the Authority of the Autonomous Region.

4. The Regional Government is the head of the Region as an element of the Regional Government organizer who leads the implementation of Government affairs that are the Authority of the Autonomous Region.
5. The mayor is the Mayor of Medan.
6. The Governor is the Governor of North Sumatra.
7. The Service is a Regional Apparatus that carries out government affairs in the field of Investment and One-Stop Integrated Services.
8. Regional Apparatus is an element that assists the Mayor and the Regional People's Representative Council in carrying out government affairs that are the authority of the Region.
9. Capital is an asset in the form of money or other forms other than money owned by an Investor that has economic value.
10. Investment Incentives, hereinafter referred to as Incentives, are all policy efforts provided by the Regional Government to attract the interest of Investors to invest in the Region.
11. Investment Facilities, hereinafter referred to as Facilities, are support from the Regional Government that can simplify and expedite investment activities.
12. Provision of Investment Incentives in Regions, hereinafter referred to as Provision of Incentives, is fiscal policy support from the Regional Government to the Community and/or Investors to increase investment in the Region.
13. Provision of Investment Facilities in Regions, hereinafter referred to as Provision of Facilities, is the provision of non-fiscal facilities from the Regional Government to the Community and/or Investors to facilitate every investment activity and to increase investment in the Region.
14. Capital Investment in the Region, hereinafter referred to as Capital Investment, is any form of capital investment activity, whether by domestic or foreign Capital Investors to conduct business in the Region.
15. Investors or investors, hereinafter referred to as Investors, are individuals or business entities who carry out investments in the form of domestic investments and/or



foreign investments that receive incentives and/or facilities.

16. Business Location Area is each sub-district in the Region which is classified based on the distribution of Investment which is calculated based on the components stipulated in the Regional Investment General Plan.
17. Micro Business is a productive business owned by an individual and/or individual business entity that has a net worth of no more than IDR 1,000,000,000.00 (one billion rupiah) excluding land and buildings where the business is located or has annual sales results of no more than IDR 2,000,000,000.00 (two billion rupiah) meeting the criteria for a micro business.
18. Small Business is a stand-alone productive economic business carried out by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or affiliated directly or indirectly with a medium or large business that has net assets of more than IDR 1,000,000,000.00 (one billion rupiah) up to a maximum of IDR 5,000,000,000.00 (five billion rupiah) excluding land and buildings where the business is located or has annual sales results of more than IDR 2,000,000,000.00 (two billion rupiah) up to a maximum of IDR 15,000,000,000.00 (fifteen billion rupiah).
19. A cooperative is a legal entity established by individuals or cooperative legal entities, with the separation of the wealth of its members as capital to run a business, which fulfills shared aspirations and needs in the economic, social and cultural fields in accordance with cooperative values and principles.
20. Pioneer Industry is an industry that has broad linkages, provides high added value and externalities, introduces new technology, and has strategic value for the national economy.
21. One-Stop Integrated Services, hereinafter abbreviated as PTSP, is an activity for organizing licensing and non-licensing, the management process of which, from the application stage to the document issuance stage, is carried out in one place.
22. The Verification Team for the Assessment of the Provision of Investment Incentives and Facilities, hereinafter referred to as the Verification Team, is a team that



carries out verification, assessment, provides recommendations, and monitors and evaluates the Provision of Incentives and/or Investment Facilities in the Region.

23. Guidance is an activity of providing guidance to investors to realize their investment and facilitating the resolution of problems/obstacles in the implementation of investment activities.
24. Supervision is an effort or activity carried out to prevent and reduce the occurrence of deviations in the implementation of Capital Investment and the imposition of sanctions for violations/deviations of the provisions of laws and regulations.

## CHAPTER II PURPOSE, OBJECTIVES AND PRINCIPLES

### Article 2

The provision of incentives and/or facilities is intended to attract or stimulate investors to invest their capital in the region.

### Article 3

Providing incentives and/or providing facilities that aim to:

- a. increases regional economic growth and equality;
- b. creating jobs;
- c. increase sustainable and environmentally aware economic development,
- d. increase regional competitiveness;
- e. improves regional technological capacity and capabilities;
- f. encourages the development of people's economy;
- g. processing the potential economic power into real economic power by using funds originating from within the country and from abroad;
- h. improves the welfare and prosperity of society.

### Article 4

Provision of Incentives and/or Provision of Facilities based on the principles:

- a. legal certainty,
- b. equality;



- c. transparency;
- d. accountability; and
- e. effective and coherent.

### CHAPTER III

#### FORMS OF INCENTIVES AND EASE OF INVESTMENT

#### Article 5

- (1) Incentives may take the form of:
- a. tax reduction, relief or exemption;
  - b. reduction, relief or exemption from levies;
  - c. provision of capital assistance to micro, small and/or cooperative businesses in the area;
  - d. assistance for research and development for Micro, Small, and Medium Enterprises and/or Cooperatives in the Region;
  - e. assistance with vocational training facilities for Micro, Small and/or Cooperative Enterprises in the area; and/or
  - f. low interest rate.
- (2) Provision of Facilities may take the form of:
- a. provision of data and information on investment opportunities;
  - b. provision of facilities and infrastructure,
  - c. facilitate the provision of land or location;
  - d. provision of technical assistance;
  - e. simplification and acceleration of licensing through PTSP;
  - f. ease of access to marketing of production results,
  - g. ease of direct investment in construction;
  - h. ease of investment in strategic areas stipulated in laws and regulations that have the potential for regional development;
  - i. provide comfort and security for investment in the Region;
  - j. ease of access to ready-to-use and skilled labor;
  - k. ease of access to raw material supplies; and/or facilitate promotion in accordance with regional authority.
- (3) Further provisions regarding the details of the form of Provision of Incentives and/or Provision of Facilities as referred to in paragraph (1) and paragraph (2) are stipulated in the Mayor's Regulation.



## Article 6

- (1) The Regional Government may provide one or more forms of Incentives and/or Facilities as referred to in Article 5 paragraph (1) and paragraph (2) to each Investor.
- (2) The provision of incentives and/or facilities as referred to in paragraph (1) is provided in accordance with the authority, conditions, financial capabilities of the region and statutory regulations.

### CHAPTER IV

#### CRITERIA FOR PROVIDING INCENTIVES AND FACILITIES INVESTMENT

## Article 7

- (1) Incentives and/or Facilities provided by the Regional Government to new Investors or business development.
- (2) Incentives and/or Facilities are given to Investors who at least fulfill one of the following criteria:
  - a. contributes to the increase of community income
  - b. absorbs local labor
  - c. uses mostly local resources,
  - d. contributes to improve public services;
  - e. contributes to increase regional gross domestic product;
  - f. environmentally sound and sustainable;
  - g. infrastructure development;
  - h. conducting technology transfer;
  - i. conducting Pioneer Industry;
  - j. carries out research, development, and innovation activities,
  - k. partnering with Micro, Small, or Cooperative Enterprises
  - l. industries that use capital goods, machinery, or equipment produced domestically,
  - m. carrying out business activities in accordance with regional priority programs; and/or
  - n. export oriented.



## CHAPTER V

### TYPES AND FIELDS OF BUSINESS OR INVESTMENT ACTIVITIES THAT ARE PRIORITIZED TO OBTAIN INCENTIVES AND EASE OF INVESTMENT

#### Part One

### TYPES AND FIELDS OF BUSINESS OR INVESTMENT ACTIVITIES THAT ARE PRIORITIZED TO OBTAIN INCENTIVES AND EASE OF INVESTMENT

#### Article 8

Types of Business or Investment Activities that are prioritized to receive Incentives and/or Facilities include:

- a. Pioneer Industry
- b. Micro, Small and/or Cooperative Enterprises;
- c. business that requires partnership;
- d. business that is required to have capital ownership;
- e. business that requires a specific location;
- f. businesses that are required to employ a certain number of workers;
- g. businesses that are open for investment purposes that prioritize superior regional products;
- h. businesses that have received Investment facilities from the Government; businesses that are carried out in collaboration with the Regional Government; and/or
- i. environmentally sound business.

#### Article 9

Pioneer Industry as referred to in Article 8 letter a, applies to businesses that meet the following criteria:

- a. have extensive business connections;
- b. provide high added value;
- c. introducing new technologies; and
- d. has strategic value for the economy.

#### Article 10

Micro, Small and Cooperative Enterprises as referred to in Article 8 letter b, apply to Micro, Small and/or Cooperative Enterprises that have a Business License with the following criteria:

- a. produce products that are characteristic/excellent for the region; or
- b. potential for business growth.



#### Article 11

Businesses that are required to have partnerships as referred to in Article 8 letter c, apply to Investors who enter into partnerships with Micro, Small and/or Cooperative Businesses.

#### Article 12

Businesses that are required to have Capital as referred to in Article 8 letter d, apply to Investors with the criteria of having Capital in a certain amount as determined.

#### Article 13

- (1) Businesses that are required to have a specific location as referred to in Article 8 letter e, apply to Investors who carry out this type of business in the Business Location Area in accordance with regional spatial planning and businesses in border locations of the Region.
- (2) The Regional Government determines the classification of Business Location Areas as referred to in paragraph (1), including:
  - a. Developed areas;
  - b. developing areas; and
  - c. underdeveloped areas.
- (3) The Regional Government prioritizes the provision of incentives and/or facilities in underdeveloped areas as referred to in paragraph (2) letter c.
- (4) The classification of business location areas as referred to in paragraph (2) is determined by the Mayor's Regulation.

#### Article 14

Businesses that are required to employ a certain number of workers as referred to in Article 8 letter f, apply to Investors who employ workers with the specified number of criteria.



#### Article 15

- (1) Businesses that is open for investment purposes that prioritize superior regional products as referred to in Article 8 letter g, apply to businesses whose capital ownership is open.
- (2) The business as referred to in paragraph (1) is a business that produces products that are characteristic/excellent in the region.

#### Article 16

Businesses that have received Investment facilities from the Government as referred to in Article 8 letter h, apply to Investors who receive Capital participation from the Central Government, Provincial Government, and/or Regional Government.

#### Article 17

Business that carried out in collaboration with the Regional Government as referred to in Article 8 letter i, applies to Investors who carry out business utilizing regional assets in accordance with the provisions of laws and regulations.

#### Article 18

Environmentally sound business as referred to in Article 8 letter j, applies to investors who carry out environmental conservation efforts including prevention and reduction of environmental pollution with the following criteria:

- a. implementing a reduction or replacement of fossil fuel use for transportation, electricity, or industrial equipment into new and renewable energy; or
- b. implementing carbon trading.

#### Article 19

Further provisions regarding the criteria parameters for types or business activities certain priority areas for obtaining incentives and/or facilities are regulated with the Mayor's Regulation.



## Second Part

### Fields of Business or Investment Activities Prioritized to Obtain Investment Incentives and Facilities

#### Article 20

- (1) Business sectors or investment activities that are prioritized to receive incentives and/or facilities are high priority business sectors in the region.
- (2) High priority business sectors for the Region as referred to in paragraph (1) include:
  - a. food sector;
  - b. infrastructure sector;
  - c. energy sector; and
  - d. trade sector.
- (3) Changes to the high priority business fields of the Region as referred to in paragraph (2) are determined based on the general plan for regional capital investment.

#### Article 21

- (1) Investment businesses or activities in the food sector as referred to in Article 20 paragraph (2) letter a, are businesses or activities that carry out the development of agricultural and plantation product processing industries.
- (2) Investment businesses or activities in the infrastructure sector as referred to in Article 20 paragraph (2) letter b, are businesses or activities that carry out:
  - a. development or expansion of health infrastructure and vocational and professional education;
  - b. development or expansion of tourism infrastructure;
- (3) Investment businesses or activities in the energy sector as referred to in Article 20 paragraph (2) letter c, are businesses or activities that carry out:



- a. development or expansion of energy resources for regional electricity needs; or
  - b. development or development of new and renewable energy resources to support environmental preservation;
- (4) Investment businesses or activities in the trade sector as referred to in Article 20 paragraph (2) letter d, are businesses or activities that carry out:
- a. development/increase in local product trade transactions;
  - b. to stabilize the distribution and availability of basic necessities at affordable prices; or
  - c. trade by utilizing innovative information technology.

#### Article 22

- (1) Provision of facilities in the form of provision of facilities and infrastructure is prioritized for businesses in the food and energy sectors as referred to in Article 20 paragraph (2) letters a and c.
- (2) In addition to the provision of facilities and infrastructure as referred to in paragraph (1), the provision of land or locations is prioritized for food sector businesses.

#### CHAPTER VI

#### PROCEDURE FOR PROVIDING INCENTIVES AND FACILITIES FOR INVESTMENT

#### Article 23

- (1) Investors who wish to obtain incentives and/or facilities must submit an application to the Mayor through the Office.
- (2) The application as referred to in paragraph (1) is submitted by attaching the following requirements:
- a. a copy of the applicant's identity;
  - b. a copy of Business License,



- c. a copy of Taxpayer Identification Number;
- d. information and/or data supporting the criteria for Granting Incentives and/or Granting Conveniences as referred to in Article 7 paragraph (2).

- (3) Further provisions regarding the conditions and procedures for submitting applications for incentives and/or facilities are regulated by the Mayor's Regulation.

#### Article 24

- (1) The Mayor shall assess applications for incentives and/or facilities as referred to in Article 23.
- (2) In carrying out the assessment as referred to in paragraph (1), the Mayor shall form a Verification Team.
- (3) The duties of the Verification Team as referred to in paragraph (2) consist of:
  - a. verify the completeness of the proposal requirements that must be met,
  - b. carry out an assessment of each criterion in a measurable manner;
  - c. carry out an assessment to determine the form and/or amount of Incentives and/or Facilities;
  - d. submit the assessment results in the form of recommendations to the Mayor through the Service.
  - e. The Verification Team as referred to in paragraph (2) is coordinated by the Service.
- (4) The Verification Team as referred to in paragraph (2) is appointed by the Mayor's Decree.

#### Article 25

- (1) In carrying out the assessment, the Verification Team coordinates with the relevant Regional Apparatus.



- (2) If there are deficiencies in the application requirements as referred to in Article 23 paragraph (2), the Verification Team will notify the applicant.
- (3) The applicant must complete the deficient requirements as referred to in paragraph (2), no later than 3 (three) days after being notified.
- (4) The results of the Verification Team's assessment are submitted to the Mayor in the form of a recommendation for approval or rejection.
- (5) If the assessment results in the form of recommendations are approved, this must be accompanied by a proposal for the form and/or amount of incentives and/or facilities to be provided.
- (6) If the assessment results in the form of a recommendation are rejected, the files will be returned to the applicant accompanied by the reasons for the rejection.
- (7) The recommendations as referred to in paragraph (4) shall be determined no later than 6 (six) days after the application as referred to in Article 23 paragraph (1), or the lack of requirements as referred to in paragraph (3) is received.

#### Article 26

- (1) The Mayor determines the Provision of Incentives and/or Provision of Conveniences based on the assessment results as referred to in Article 25 paragraph (5).
- (2) The provision of incentives and/or facilities as referred to in paragraph (1) is determined by the Mayor's Decree.
- (3) The Mayor's decision as referred to in paragraph (2) shall be determined no later than 6 (six) working days from the date the Verification Team's recommendation is received by the Mayor.



- (4) The Mayor's Decision as referred to in paragraph (1) must contain at least:
- a. name of applicant;
  - b. applicant's address,
  - c. business or activity;
  - d. form of Incentives and/or Facilities,
  - e. the period of the Incentive and/or Convenience; and
  - f. rights and obligations of recipients of incentives and/or facilities.
- (5) Further provisions regarding standard operating procedures for implementing the Provision of Incentives and/or Provision of Conveniences are stipulated in the Mayor's Regulation.

CHAPTER VII  
TIME FRAME TO PROVIDE INCENTIVES AND FACILITIES FOR INVESTMENT

Article 27

- (1) The period for Providing Incentives and/or Providing Facilities to Investors is a maximum of 5 (five) years.
- (2) Investors who receive incentives and/or facilities that have exceeded the time period as referred to in paragraph (1) may re-submit an application for incentives and/or facilities.

CHAPTER VIII  
REPORTING AND EVALUATION

Part One  
Reporting

Article 28

- (1) Investors who receive incentives and/or facilities must submit a report to the Service at least once a year.



- (2) The report as referred to in paragraph (1) contains developments in the use of incentives and/or facilities.
- (3) If the Investor does not carry out the reporting as referred to in paragraph (1), the Mayor may stop the Provision of Incentives and/or Provision of Facilities based on the proposal of the agency.
- (4) Recipients whose Incentives and/or Facilities as referred to in paragraph (3) are terminated cannot re-apply for Incentives and/or Facilities for the same business.

#### Article 29

- (1) The Service reports the results of the implementation of the Provision of Incentives and/or Conveniences to the Mayor.
- (2) The report on the results of the implementation of the Provision of Incentives and/or Facilities as referred to in paragraph (1) shall at least contain:
  - a. data on Incentive Recipients and/or Facility Recipients;
  - b. form of incentives and/or facilities provided;
  - c. existing recipients of incentives and/or facilities based on reports as referred to in Article 28 paragraph (1).
- (3) Reports on the results of the Provision of Incentives and/or Facilities as referred to in paragraph (1) are carried out periodically, no later than once every 3 (three) months.

#### Article 30

The Mayor submits a report on the progress of the Provision of Incentives and/or Facilities to the Governor periodically once a year.



Part Two  
Evaluation

Article 31

- (1) The Service shall evaluate the effectiveness and efficiency of the implementation of the Provision of Incentives and/or Provision of Facilities that have been provided to Investors.
- (2) The evaluation as referred to in paragraph (1) shall involve the relevant Regional Apparatus.
- (3) The Service shall submit a report on the results of the evaluation as referred to in paragraph (2) to the Mayor.
- (4) The evaluation as referred to in paragraph (1) shall be carried out at least once a year.

Article 32

- (1) The Mayor may review the Provision of Incentives and/or Provision of Conveniences based on the evaluation results report as referred to in Article 31.
- (2) The review as referred to in paragraph (1) may take the form of:
  - a. Changes to the high priority business fields of the Region as referred to in Article 20 paragraph (2); and/or
  - b. Reduction, addition, or termination of Incentives and/or Facilities.
- (3) Reduction or addition of incentives and/or facilities as referred to in paragraph (2) letter b, is determined according to the region's capabilities.
- (4) Termination of Incentives and/or Facilities is determined in cases where the recipient of the Incentive and/or Recipient of Facilities no longer



meets the criteria as referred to in Article 7 paragraph (2) or is in conflict with the provisions of statutory regulations.

- (5) Reduction, addition or termination of incentives and/or facilities as referred to in paragraph (2) letter b, is determined by the Mayor's Decree.

## CHAPTER IX GUIDANCE AND SUPERVISION

### Article 33

- (1) Guidance regarding the implementation of the Provision of Incentives and/or Facilities is carried out by the Mayor.
- (2) The development activities as referred to in paragraph (1) are carried out through:
  - a. socialization, workshops, technical guidance and/or investment dialogue regarding the provisions for implementing Capital Investment;
  - b. providing consultation on controlling the implementation of investment in accordance with the provisions of laws and regulations; and
  - c. facilitating the resolution of problems faced by Investors in realizing Investment.
- (3) The guidance as referred to in paragraph (1) may be delegated to the Service.

### Article 34

- (1) Supervision of Investors receiving Incentives and Facilities is carried out by the Business Licensing Supervision Team.
- (2) The supervision procedures as referred to in paragraph (1) are further regulated by the Mayor's Regulation.



CHAPTER X  
THE CLOSING DETERMINATION

Article 35

This government regulation is valid starts from the date of the regulation being validated.  
For public cognizance, ordering the promulgation of this Regional Regulation to be published in the Medan City Regional Gazette.

Constituted in Medan  
On July 1, 2024

MAYOR OF MEDAN,  
(signature)  
MUHAMMAD BOBBY AFIF NASUTION

Enacted in Medan  
On July 1, 2024  
Acting SECRETARY OF THE REGIONAL GOVERNMENT OF MEDAN,

(signature)  
TOPAN OBAJA PUTRA GINTING  
MEDAN CITY REGIONAL GAZETTE, YEAR 2024 NUMBER  
REGISTRATION NUMBER OF MEDAN CITY REGIONAL REGULATION, NORTH  
SUMATRA PROVINCE:  
(4-65/2024).

This copy is in accordance with the original,  
HEAD OF LEGAL DEPARTMENT  
MEDAN CITY REGIONAL SECRETARIAT

(signed)  
YUNITA SARI, SH  
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EXPLANATION  
ON  
LOCAL REGULATIONS OF MEDAN CITY  
NUMBER 4 OF 2024

CONCERNING

PROVISION OF INCENTIVES AND FACILITIES FOR INVESTMENT

I. GENERAL EXPLANATION

Investment activities have an important role in increasing national economic growth and regional economy which leads to community welfare, in the last period the regional economy has decreased as seen from the amount of investment that cannot reach the set target. The Covid-19 pandemic is the main cause of the decline in the amount of investment in Medan City, resulting in an increase in unemployment and destitute people in Medan City.

The Regional Government needs to make efforts to increase Investment in the Region, in order to increase community income, local labour absorption, empower local resources, improve public services, increase Gross Regional Domestic Product, and develop micro, small, and cooperative businesses. Regional efforts to increase investment through providing incentives and/or facilities for investors are the right steps to stimulate Investors to want to invest their Capital in Medan City.

The Central Government has issued a regulation in the form of Government Regulation Number 24 of 2019 concerning the Guidelines for Providing Incentives and Investment Facilities in the Regions. Based on this regulation, the Regional Government is authorized to provide incentives and facilities to investors who invest their capital in the region. If the Regional Government intends to provide incentives and investment facilities, the regulations must be established in a Regional Regulation. Until now, the regulation of providing incentives and investment facilities in the region has not been set in a Regional Regulation. Therefore, the establishment of a Regional Regulation concerning the provision of incentives and investment facilities is very important, not only to fulfil the mandate of the law but also to serve as the legal foundation for its implementation, in order to prevent the abuse of authority.

II. ARTICLE BY ARTICLE

Article 1

Self explanatory.

Article 2

Self explanatory.

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Article 3

Self explanatory.

Article 4

Letter a

What is meant by the principle of legal certainty is the principle that places laws and provisions of statutory regulations as the basis for the Regional Government in every policy and action in the Provision of Incentives and/or Provision of Investment Facilities.

Letter b

What is meant by the principle of equality is equal treatment of investors without favoring and benefiting one particular group, group or scale of business.

Letter c

What is meant by the principle of transparency is openness of information in the provision of incentives and/or provision of facilities to the public and/or investors.

Letter d

What is meant by the principle of Accountability is the form of responsibility for the Provision of Incentives and/or Provision of Investment Facilities.

Letter e

What is meant by the principle of effectiveness and efficiency is rational and economic considerations and guarantees that have an impact on increasing productivity and public services.

Article 5

Verse (1)

Letter a.

Self explanatory.

Letter b.

Self explanatory.

Letter c.

Self explanatory.

Letter d.

Self explanatory.

Letter e.

What is meant by vocational training is all activities to provide, obtain, improve and develop work competencies, productivity, discipline, attitude and work ethic at a certain level of skills and expertise in accordance with the level and qualifications of the position or job for work and/or entrepreneurship.



Letter f.  
Self explanatory.  
Verse (2)  
Self explanatory.  
Verse (3)  
Self explanatory.  
Article 6  
Self explanatory.  
Article 7  
Self explanatory.  
Article 8  
Self explanatory.

Article 9

Letter a.

What is meant by having broad business connections is that the existence or products produced by the business influence/are needed by other businesses.

Letter b.

What is meant by high added value is that it can produce very useful products from raw materials that are easy to obtain.

Letter c.

What is meant by introducing new technology is that the business uses technology from its own innovation or technology that has never been used by other businesses in the region.

Letter d.

What is meant by having strategic value for the economy is that the business in question has an impact on increasing the income of the community and the government.

Article 10

Letter a.

What is meant by a product that is a characteristic/regional advantage is a product in the form of goods or services that are produced and then known to originate from the city of Medan or.

Letter b.

What is meant by potential for business growth is based on an assessment that the business or activity will be able to increase from a micro business to a small business, a small business to a medium business or the development of cooperatives based on an increase in the number of members, the amount of capital or the expansion of the cooperative business.

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

Letter a.

What is meant by fossil energy is a natural resource containing hydrocarbons which are formed due to the natural process of decomposition of dead organisms, examples of fossil energy are coal, petroleum, and natural gas.

Letter b.

What is meant by carbon trading is the activity of buying and selling carbon credits in accordance with the provisions of laws and regulations.

Article 19

Self explanatory.

Article 20

Self explanatory.

Article 21

Verse (1)

Self explanatory.

Verse (2)

Letter a

Self explanatory.

Letter b.

What is meant by vocational education is secondary education that prepares students primarily to work in a particular field.

What is meant by vocational education is secondary education that prepares students primarily for work and/or entrepreneurship in certain fields and higher education that prepares students for work and/or entrepreneurship with certain applied expertise.

Verse (3)

Self explanatory.

Verse (4)

Letter a

Self explanatory.



Letter b.

What is meant by basic needs goods are goods that concern the lives of many people with a high scale of fulfillment of needs and become a supporting factor for the welfare of the community.

Letter c.

Self explanatory.

Article 22

Self explanatory.

Article 23

Self explanatory.

Article 24

Self explanatory.

Article 25

Self explanatory.

Article 26

Self explanatory.

Article 27

Self explanatory.

Article 28

Self explanatory.

Article 29

Self explanatory.

Article 30

Self explanatory.

Article 31

Self explanatory.

Article 32

Self explanatory

Article 33

Self explanatory.

Article 34

Self explanatory.

Article 35

Self explanatory.

SUPPLEMENTARY GAZETTE OF MEDAN CITY NUMBER 3.



## PERNYATAAN PENERJEMAH TERSUMPAH

Saya, **DICKY PRIYANA, S.Hum**, Penerjemah Tersumpah di Republik Indonesia berdasarkan peraturan perundang-undangan yang berlaku di Republik Indonesia, dengan ini menerangkan dan menyatakan, sesuai dengan sumpah jabatan saya, bahwa dokumen ini merupakan terjemahan yang benar, setia dan lengkap dari dokumen sumber yang diberikan kepada saya.

*I, **DICKY PRIYANA, S.Hum**, a Sworn Translator in the Republic of Indonesia by virtue of the applicable laws and regulations in the Republic of Indonesia, hereby state and declare, under my oath of office, that the foregoing document is a true, faithful and correct translation of the source document presented to me.*

Jakarta, 11 Desember 2024



**DICKY PRIYANA**

Penerjemah Tersumpah [Bahasa Indonesia ke Bahasa Inggris]

Surat Keputusan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia

No. AHU-39 AH.03.07.2024 Tanggal 3 Juni 2024

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