

# DUTY ON THE ACQUISITION OF RIGHTS OVER LAND AND BUILDINGS FOR DKI JAKARTA PROVINCE

Following the issuance of Government Regulation No. 34 of 2016 on New Tariffs for Income Tax on Transfers of and Conditional Sale and Purchase Agreements for Land and/or Buildings, the Regional Government of DKI Jakarta Province has just issued the following new regulation which provide **zero duty or an exemption** from the obligation to pay Duty on the Acquisition of Rights over Land and Buildings (*Bea Perolehan Hak Atas Tanah dan Bangunan/ "BPHTB"*): Regulation of the Governor of DKI Jakarta No. 193 of 2016 on The 100% (one hundred percent) Exemption from Duty on the Acquisition of Rights over Land and Buildings as a Result of a Sale and Purchase for the First Time and/or the Imposition of 0% (zero percent) Duty on the Acquisition of Rights over Land and Buildings as a Result of Inheritance for land/buildings with a nominal value of up to IDR2,000,000,000 (two billion Rupiah) ("**Governor's Regulation 193/2016**"). Governor Regulation 193/2016 came into effect upon the date of its promulgation ie 21 October 2016.

Under Governor's Regulation 193/2016, the Governor of Jakarta delegates his authority to Head of Service of Tax Service Office of DKI Jakarta or the appointed officials of the Head of Service to (i) grant a 100% exemption from BPHTB as a result of a sale and purchase or the granting of new rights for the first time; and/or (ii) impose 0% BPHTB if the land/building is acquired as a result of inheritance as long as it has a nominal value of IDR2,000,000,000 (two billion Rupiah) or less.

The above BPHTB exemption and/or 0% BPHTB, may be applied for by an Individual Taxpayer with the **following conditions**:

1. for the previous BPHTB which has not been settled until the year of the submission of the application;
2. BPHTB exemption and/or 0% BPHTB can only be granted once for 1 (one) plot of land and/or a building for each application submitted and must be occupied by individual taxpayer; **and**
3. the individual taxpayer must be an Indonesian citizen domiciled in DKI Jakarta for at least 2 (two) years consecutively, commencing from the issuance date of the DKI Jakarta Identity Card (*Kartu Tanda Penduduk/KTP*).

For the above exemption and/or zero percent BPHTB a written application must be submitted accompanied by supporting documents as required under the Governor's Regulation 193/2016 e.g. a copy of the Taxpayer Registration Number or a written statement.

The relevant official will examine the formal and material requirements for an application and may conduct a site visit to confirm the conformity to the facts and the truthfulness of the documents submitted. Once the above requirements have been satisfied, the official may grant an exemption or impose 0% BPHTB.

According to Governor's Regulation 193/2016, the exemption and/or imposition of 0% BPHTB

may be cancelled if within 5 (five) years of the date of the exemption/0% BPHTB being granted, it is found that the requirements under Governor's Regulation 193/2016 have not been satisfied; in which case, the official will issue a Tax Underpayment Assessment Letter (*Surat Ketetapan Pajak Daerah Kurang Bayar*).

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