

NEW PROCEDURE FOR THE TRANSFER OF A RIGHT TO BUILD TITLE

In order to make investment easier, on 22 February 2016, the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency issued Regulation No. 8 of 2016 on the Procedure for the Transfer of Certain Right to Build Titles (“**HGB**”) in Certain Areas (“**Head of BPN Regulation 8/2016**”). The main purpose of Head of BPN Regulation 8/2016 is to expedite land services in Indonesia.

Head of BPN Regulation 8/2016 provides the procedure for the transfer of HGB in the following areas:

- a. DKI Jakarta;
- b. Bandung;
- c. Semarang;
- d. Yogyakarta; and
- e. Surabaya.

The transfer of certain HGBs means that a HGB can be transferred to a local/domestic limited liability company for an area of land of up to 5,000 sqm (five thousand square meters). Under this regulation, transferring a HGB includes the following:

- a. checking the HGB certificate;
- b. paying the Transfer Duty for the Acquisition of Rights over Land and Buildings and Income Tax;
- c. entering into a sale and purchase deed;
- d. registering the transfer of the land right; and
- e. paying the land and building tax.

According to Head of BPN Regulation 8/2016, checking the certificate should take one day and the transfer of rights should only take two days. Head of BPN Regulation 8/2016 came into effect on 2 March 2016. However, all applications submitted before Head of BPN Regulation 8/2016 was issued will now be processed under Head of BPN Regulation 8/2016.

