



VAT incentives for landed houses and residential units: an update ^{P1}

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The Value Added Tax (“VAT”) incentive for landed houses and residential units, which was previously given for 100% VAT borne by the government for January to June 2024 and 50% VAT borne by the government for July to December 2024, has now been updated to 100% VAT borne by the government for **September to December 2024** through the issuance of PMK-61¹. The policy given under PMK-61 is similar to the previous PMK-7² (Please refer to our [TaxFlash No.05/2024](#) for a discussion on PMK-7).

The requirements for landed houses and residential units that are eligible for this VAT incentive remain the same, namely:

- a. the highest selling price is IDR 5 billion; and
- b. new landed houses and residential units:
 - have obtained a house identity code from the application system provided by the Ministry of Public Works and Housing and this code must also be included in the minutes of the handover (*Berita Acara Serah Terima*) and on the VAT Invoice;
 - are delivered first-hand by a developer in a ready-to-use condition and have never been handed over previously.

As with previous regulations, the incentive can only be used once on one eligible property per individual. However, an individual who has utilised similar VAT incentives for property prior to this regulation can still utilise this incentive under PMK-61 for a different eligible property.

This PMK also stipulates that if an individual buys landed houses/residential units prior to 1 September 2024 but cancels the transaction, the said individual will not be able to enjoy the VAT incentives according to the provisions in PMK-61 for the same landed houses/residential units. If the individual utilises this incentive on the cancelled transaction, the Tax Office can collect the VAT payable, although the mechanism is not specified in the regulation.

¹ MoF Regulation No.61 Year 2024 (PMK-61) dated and effective from 19 September 2024

² MoF Regulation No.7 Year 2024 (PMK-7) dated and effective from 13 February 2024

Your PwC Indonesia Contacts:

Abdullah Azis
abdullah.azis@pwc.com

Gerardus Mahendra
gerardus.mahendra@pwc.com

Peter Hohtoulas
peter.hohtoulas@pwc.com

Adi Poernomo
adi.poernomo-c@pwc.com

Hasan Chandra
hasan.chandra@pwc.com

Raemon Utama
raemon.utama@pwc.com

Adi Pratikto
adi.pratikto@pwc.com

Hendra Lie
hendra.lie@pwc.com

Runi Tusita
runi.tusita@pwc.com

Adrian Hanif
adrian.hanif@pwc.com

Hyang Augustiana
hyang.augustiana@pwc.com

Ryuji Sugawara
ryuji.sugawara@pwc.com

Alexander Lukito
alexander.lukito@pwc.com

Irene Satyanagara
irene.satyanagara@pwc.com

Sujadi Lee
sujadi.lee@pwc.com

Ali Widodo
ali.widodo@pwc.com

Kianwei Chong
kianwei.chong@pwc.com

Sukma Alam
sukma.alam-c@pwc.com

Andrias Hendrik
andrias.hendrik@pwc.com

Lukman Budiman
lukman.budiman@pwc.com

Surendro Supriyadi
surendro.supriyadi-c@pwc.com

Angeline
angeline.angeline@pwc.com

Made Natawidnyana
made.natawidnyana@pwc.com

Susetiyo Putranto
susetiyo.putranto@pwc.com

Anton Manik
anton.a.manik@pwc.com

Mardianto
mardianto.mardianto-c@pwc.com

Sutrisno Ali
sutrisno.ali-c@pwc.com

Antonius Sanyojaya
antonius.sanyojaya@pwc.com

Margie Margaret
margie.margaret@pwc.com

Suyanti Halim
suyanti.halim@pwc.com

Avinash Rao
a.rao@pwc.com

Marlina Kamal
marlina.kamal@pwc.com

Tjen She Siung
tjen.she.siung@pwc.com

Ay Tjhing Phan
ay.tjhing.phan@pwc.com

Nicholas Sugito
nicholas.sugito@pwc.com

Turino Suyatman
turino.suyatman@pwc.com

Brian Arnold
brian.arnold@pwc.com

Nikolas Handradjid
nikolas.handradjid@pwc.com

William Christopher
william.christopher@pwc.com

Dexter Pagayonan
dexter.pagayonan@pwc.com

Novie Mulyono
novie.mulyono@pwc.com

Yessy Anggraini
yessy.anggraini@pwc.com

Enna Budiman
enna.budiman@pwc.com

Oki Octabiyanto
oki.octabiyanto@pwc.com

Yuliana Kurniadjaja
yuliana.kurniadjaja@pwc.com

Esa Perdana
esa.perdana@pwc.com

Omar Abdulkadir
omar.abdulkadir@pwc.com


Yunita Wahadaniah
yunita.wahadaniah@pwc.com

Gadis Nurhidayah
gadis.nurhidayah@pwc.com

Otto Sumaryoto
otto.sumaryoto@pwc.com

www.pwc.com/id

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