TaxFlash

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VAT incentives for landed houses and residential units: An update

The Government has updated the Value Added Tax (VAT) incentive of 100% VAT borne by the Government for eligible properties handed between July and December 2025, through the issuance of PMK-60[1]. Previously, the incentive for this period was only 50% VAT borne by the Government. The policy under PMK-60 is similar to the earlier PMK-13[2] (please refer to our TaxFlash No.05/2025 for a discussion on PMK-13).

As with previous regulations, the facility applies only to the VAT payable on the portion of the selling price (tax base) up to IDR2 billion. The requirements for landed houses and residential units eligible for this VAT incentive remain unchanged, namely:

a) the maximum selling price is IDR5 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. This code must also be included in the handover minutes (*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.

The incentive can only be used once per individual for one eligible property. An individual who has utilised similar VAT incentives for property prior to this regulation may still utilise the incentive under PMK-60 for a different eligible property.

1. Minister of Finance (MoF) Regulation (*Peraturan Menteri Keuangan/PMK*) No.60 Year 2025 (PMK-60) dated and effective from 25 August 2025
2. MoF Regulation No.13 Year 2025 (PMK-13) dated and effective from 4 February 2025

PMK-60 also stipulates that if an individual purchases a landed house or residential unit before 1 July 2025 but cancels the transaction, the individual will not be able to enjoy the VAT incentives according to the provisions in PMK-60 for the same landed houses or residential units. If the individual utilises the incentive on the cancelled transaction, the Tax Office may collect the VAT payable, although the mechanism for this is not specified in the regulation.

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