Indonesia

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1. Types of tax

1.1 Inheritance tax

Indonesia does not levy inheritance tax. In other words, inheritance is not taxable in Indonesia.

1.2 Gift grant tax

Indonesian income tax law stipulates that grants or gifts from the parent directly to the children (or vice versa) and grants or gifts received by religious, educational or social organizations, including foundations, cooperatives or individuals who carry on micro and small-scale enterprise, as stipulated by the Minister of Finance, are not taxable as long as there is no relation with business, employment/work, ownership or control among the parties concerned.

1.3 Real estate transfer tax

Starting 7 September 2016, the transfer of real estate (i.e., land and building) is subject to a final tax of 2.5% of the gross proceeds. The amount taxed will be whichever is higher, either the actual transfer price or the market price (in the case where the transaction is between related parties). The transfer of a basic house (*rumah sederhana*) and basic flat (*rumah susun sederhana*) by a taxpayer whose main business is the transfer of land and/or building is subject to a final tax of 1%. The transfer of real estate for public interest by the Government is subject to a final tax of 0%.

1.4 Endowment tax

There is no endowment tax in Indonesia.

1.5 Acquisition duty

A land and building acquisition duty of 5% is payable on the gross proceeds when a person obtains rights to land or a building with a value greater than IDR60 million. A number of exemptions may apply to certain transactions or events. The acquisition duty is governed by regional tax regulation.

1.6 Net wealth tax

There is no net wealth tax. However, Indonesian income tax law states that an increment in wealth originating in income not yet subject to tax is taxable. In the Indonesian individual income tax return, the individual taxpayer is required to declare assets and liabilities. The tax office may assess additional income tax should there be any increment of the assets, such as from income not yet reported in the tax return.

2. Who is liable?

2.1 Residency/domicile

Resident taxpayer

Under Indonesian tax law, an individual is qualified as an Indonesian tax resident if the individual:

- Domiciles in Indonesia
- Is present in Indonesia for more than 183 days within a 12-month period
  Or
- Is present in Indonesia during a calendar year with the intention to reside in Indonesia

Resident taxpayers are taxed on their worldwide income.

Nonresident taxpayer

Nonresident taxpayers are taxed only on Indonesian-sourced income.

3. Rates

As Indonesia does not have any inheritance, gift, endowment or net wealth tax, this is not applicable.

For real estate transfer tax, the final tax rate for resident taxpayers is as follows:

- 1% for the transfer of a basic house (*rumah sederhana*) and basic flat (*rumah susun sederhana*) by a taxpayer whose main business engages in the transfer of land or building
- 2.5% for the transfer of land and/or building
- 0% for the transfer of land and/or building for public interest by the Government

The table below shows the statutory income tax rate for a resident taxpayer who receives other taxable income.

Taxable income bracket (IDR)	Tax rate
Up to 50 million	5%
Over 50 million but not exceeding 250 million	15%
Over 250 million but not exceeding 500 million	25%
Over 500 million	30%

The tax rate for a nonresident taxpayer who receives Indonesian-sourced income is 20% (final).

4. Exemptions and reliefs

For real estate transfer tax, an exemption is available under the following conditions:

- The transfer of land and/or building as part of the gift/grant as long as the transfer is in accordance with the requirement mentioned in Section 1.2 above.
- The transfer of land and/or building as part of inheritance
- The transfer of land and/or building when the transfer value is less than IDR60 million by an individual whose annual income is less than the threshold of nontaxable income (i.e., IDR54 million)
- The transfer of land and/or building as part of a gift/grant by an individual or corporate to a religious organization, education foundation or social organization
- The transfer of land and/or building in the case of a tax-neutral merger or a tax-neutral spin-off granted by the Minister of Finance

5. Filing procedures

The due date of the payment for the land and building transfer tax is before the deed of transfer is signed by the authorized official. If the transfer of the land and building is done by a taxpayer engaged in the business of sale and purchase of land and building, the tax payment is due before the deed of transfer is signed by the authorized official or by the 15th of the following month after payment is received.

Late payment of tax will be subject to a penalty of 2% per month on the tax due, which is calculated from the due date until the date when the tax is paid, for a maximum of 24 months. The penalty is payable upon issuance of a tax collection notice from the tax authority.

The due date for filing is by the 20th of the following month after the transfer is incurred or the payment is received. Late filing of the monthly tax return is subject to a penalty of IDR100,000, payable upon issuance of a tax collection notice from the tax authority.

Furthermore, the individual is required to report the transactions above in his or her individual income tax return. Please note that it is for reporting purposes only; there will be no additional tax on the transfer of real estate. The annual filing due date is no later than three months after the end of the individual's fiscal year. Late filing of the annual tax return is subject to a penalty of IDR100,000, payable upon issuance of a tax collection notice from the tax authority.

6. Assessments and valuations

See Section 1.3.

7. Trusts, foundations and private purpose funds

Not applicable. Indonesia does not recognize the trust concept and there is no specific tax regulation concerning trusts, foundations and private purpose funds. However, overseas income, which includes the net income recorded by the offshore trust computed by its accounting treatment, received or earned by the Indonesia Tax Resident shall be subject to Indonesia Income Tax.

8. Grants

See Section 1.2.

9. Life insurance

An insurance premium paid by an Indonesian employer to an insurance company is taxable income (i.e., subject to employee income tax withholding: the progressive tax rate, 5% to 30%, is applied). If it is paid by the individual, the premium paid is not deductible when calculating the tax. Further, when there is a claim for a life insurance benefit, the amount received is not taxable to the beneficiary.

10. Civil law on succession

10.1 Estate planning

This may not be applicable in Indonesia because there is no inheritance tax.

10.2 Succession

Under Indonesian law, there are two ways to receive an inheritance: as heirs based on the laws or appointed in a testament.

10.3 Forced heirship

This would depend on the rules that are followed when distributing the inheritance, which can be based on religion (Islamic inheritance rule), culture (many Indonesian tribes have their own rule on inheritance) or Indonesian inheritance law.

10.4 Matrimonial regimes and civil partnerships

The assets acquired during marriage become the property of the spouses equally. For assets owned before the marriage, the right is fully with the spouse who brought the assets. For assets granted to a spouse during marriage, the right is also fully with the spouse who received the grant (gift), unless he or she agreed otherwise.

A prenuptial agreement to separate the ownership of the assets acquired during the marriage is possible.

10.5 Intestacy

Under Indonesian law, the heirs will receive the inheritance based on code of civil law. There are two ways to receive an inheritance: as heirs based on the laws or appointed in a testament.

11. Estate tax treaties

Indonesia does not have any estate tax treaties.