



INDONESIA – February 2017

INDONESIA MAY SOON REVISE LAND OWNERSHIP TAXES - MINISTER..... 1

Indonesia may soon revise land ownership taxes - minister

Indonesia may soon revise the way it taxes land ownership as part of a push to reduce wealth inequality and increase state revenue in Southeast Asia's largest economy, the chief economic minister said.

Among the proposed measures is a progressive tax on land ownership, and a capital gains tax that would replace existing taxes on land transactions, Coordinating Economic Minister Darmin Nasution told reporters late on Thursday.

"The more land an individual or business owns, the higher the tax rate that would be applied," Nasution said.

The government also plans to introduce a so-called "landbank tax", targeting unutilised land held by companies and plantation firms or individuals "without clear plans", he said.

The minister did not say when proposed tax changes will be unveiled.

"Speculators are buying large areas of land, making land prices rise sharply," Nasution said, adding that the long-term goal of a new policy would be to make land ownership more balanced, to keep tighter control on land prices and lift state revenue.

"Our savings are limited because we are too busy buying and selling land. Our savings are land," he said, noting that people preferred to invest in land over stocks, bonds or deposits.

Indonesia is eager to ramp up tax collection to reduce its budget deficit and fund infrastructure programmes.

A tax amnesty, launched in July and lasting until March, is President Joko Widodo's priority to get taxpayers to declare assets - including - repatriate undeclared overseas assets and widen Indonesia's narrow tax base.