

Indonesian Property Law

Purchase of Property with Land Title by Foreign Citizen in Indonesia:

Permissible holders, types of properties, conversion upon purchase and selling, requirements etc.

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Land Titles in Indonesia: In General

Law No. 5 Year 1960 regarding Agrarian Law stipulates basic types of land titles in Indonesia, inter alia:

- a. Freehold Title (Hak Milik/"HM");
- b. Right to Build (Hak Guna Bangunan/"HGB");
- c. Right to Cultivate (Hak Guna Usaha/"HGU");
- d. Right to Use (Hak Pakai/"HP").

Permissible Holders of Land Titles

Foreign citizen in Indonesia can only acquire property with HP Title. Below is a table detailing characteristics of land titles:

Land Titles	Use	Time Period	Permissible Holders
HM	Strongest and fullest right that can be obtained by a party;	Indefinite	<ul style="list-style-type: none"> - Indonesian citizen; and - certain Indonesian legal entity
HGB	Right to build and own building (state-owned land, right of management and freehold title)	Limited	<ul style="list-style-type: none"> - Indonesian citizen; and - Indonesian legal entity including Foreign Investment Company (PMA)
HGU	Right to cultivate land for agriculture, fisheries or animal husbandry over a state-owned land		<ul style="list-style-type: none"> - Indonesian citizen; and - Indonesian legal entity including Foreign Investment Company (PMA)
HP	Right to utilize land or to collect products from land over another party's land (state-owned land, right of management or freehold title)		<ul style="list-style-type: none"> - Indonesian citizen; - Indonesian legal entity including Foreign Investment Company (PMA); - Foreigners residing in Indonesia - Foreign legal entities having representative office in Indonesia; - Foreign countries representatives - Departments and non-department state agencies and regional governments - Religious and social organizations Departments

How long is the HP title granted for?

Type of property	Underlying title	Period
Residential Home	HP title deriving from the conversion of an HM title	30 years + extended for 20 years + renewed for another term of 30 years.
	HP title deriving from the conversion of an HGB title	Remaining period under the HGB title + extended for 20 years + renewed for another term of 30 years
Apartment unit	Brand new unit with HPSRS title deriving from the conversion of a HMSRS	30 years + extended for 20 years + renewed for 30 years
	Not new unit with HPSRS title deriving from the conversion of a HMSRS	Remaining period under the HPSRS + extended for 20 years + renewed for 30 years

Residential Homes and Apartments Titles for Foreign Citizen in Indonesia

Regulation of the Agrarian Minister No. 29 Year 2016 regulates that foreigners may only obtain the **Right to Use (HP)** over properties in Indonesia. Below are the types of property with HP title in Indonesia:

- a. Residential homes constructed on land under the following titles:
 - HP;
 - HP over HM based on agreement drawn up in a Deed made by a land official; or
 - HP derived from HM or HGB
- b. Apartment units in a building constructed on land under the following titles:
 - HP to an Apartment Unit (Hak Pakai atas Satuan Rumah Susun/"**HPSRS**") derived from the transformation of Freehold title to an Apartment Unit (Hak Milik atas Satuan Rumah Susun/"**HMSRS**")

Conversion of title upon purchase of property by foreign citizen from Indonesian

Conversion of title (into HP) automatically occurs upon purchase by foreign citizens. Meaning:

- if a foreign citizen buys a residential home (built over HGB) then the title of property will automatically convert into HP upon the signing of sale and purchase agreement before the relevant land deed official. The land deed official will then register such transaction at the relevant land office in order to update such changes;
- If a foreigner citizens buys a unit of apartment (built HMSRS), the particular unit will automatically be converted into HPSRS.

Conversions of Title upon Selling of property by foreign citizen to Indonesian

If a foreign citizen sells a residential home (HP title which was derived from the conversion of HM or HGB) to an Indonesian citizen then the HP title will converted back to HM or HGB;
 If a foreign citizen sells an apartment (HPSRS title which was derived **from** HMSRS) to an Indonesian citizen then the HPSRS title will be converted back to HMSRS title.

New or second-hand property?

Foreign citizen may purchase new property or second-hand property.

What are the requirements to obtain HP over a property?

- Need to reside in Indonesia;
- Holder of KITAP (Permanent Stay Permit) or a KITAS (Temporary Stay Permit);
- Meet the minimum price thresholds:

	Locations	Minimum price (Rp.)	
		Residential home	Apartment unit
1.	Jakarta	10 billion	3 billion
2.	Banten	5 billion	2 billion
3.	West Java	5 billion	1 billion
4.	Central Java	3 billion	1 billion
5.	Jogjakarta	5 billion	1 billion
6.	East Java	5 billion	1,5 billion
7.	Bali	5 billion	2 billion
8.	NTB	3 billion	1 billion
9.	North Sumatera	3 billion	1 billion
10.	East Kalimantan	2 billion	1 billion
11.	South Sulawesi	2 billion	1 billion
12.	Other areas/provinces	1 billion	750 million

d. 1 (one) plot of land per person/family and such area of the land cannot be more than 2,000

- (two thousand) square meters;
- e. In certain circumstances the Agrarian Minister may grant foreign citizen more than 2,000 (two thousand) square meters if he/she has positive impact on the economy
 - f. The above limits do not apply to residential properties owned by foreign country representatives and/or international agencies.

Inheritance

Foreign citizen may bequeath the rights over his/her property to his/her heirs provided the latter have a valid Indonesian residence permit.

Transfer of ownership of a foreigners HP

Foreign citizen may sell the property to not only Indonesian citizens but also to other foreign citizens

Mortgage

Foreign citizen may also use their property as collateral for a mortgage.

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