2026 Government-Borne (*DTP*) Incentives: Housing VAT and Article 21 Income Tax for Certain Sectors

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Under Minister of Finance Regulation (PMK) Number 90 of 2025, the Government officially extended the Government-Borne (DTP) Value Added Tax (VAT) incentive for the delivery of landed houses and apartment units throughout 2026. Under PMK Number 105 of 2025, the Government continued the Government-Borne (DTP) Article 21 Income Tax (PPh) incentive for certain income for 2026.

A. Government-Borne VAT on Landed Houses and Apartment Units

This incentive policy is part of an economic policy package to boost people's purchasing power in maintaining economic growth through the multiplier effect of the property sector.

The following is an overview of the 2026 Government-Borne VAT policy:

Policy Aspects	Main Provisions of PMK 90/2025
Validity Period	Tax period of January 2026 to December 2026.
Government-Borne VAT Object	New landed houses and apartment units, ready to move in, with a maximum selling price of IDR 5 billion.
Amount of Incentive	The government covers 100% of the VAT payable on the selling price up to IDR 2 billion.
Recipient Subject	Every 1 individual (Indonesian citizen with NPWP/NIK or foreign citizen with NPWP) for 1 housing unit.
Taxable Entrepreneur (PKP)	Issue Tax Invoices with specific information and report the realization.

1. Subjects and Objects Entitled to Facilities

This incentive has specific requirements for both the buyer (subject) and the type of house purchased (object).

a. Buyer Requirements

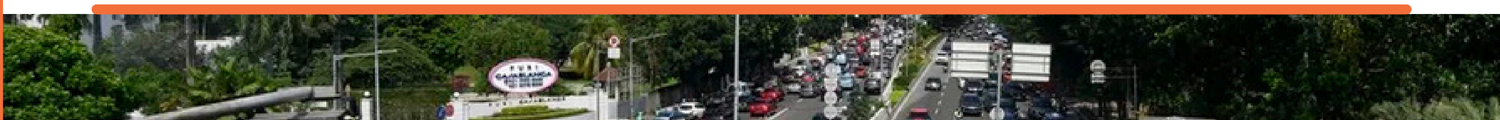
The incentive can be utilized by each individual to acquire one housing unit. It is important to note the following:

1) Incentives cannot be used for the same unit if a purchase transaction was previously made (before January 1, 2026) but was later cancelled.

2) Individuals who have utilized the Government-Borne VAT incentive in previous years (2023 to 2025) are permitted to utilize it again in 2026 for a different housing unit.

3) Citizenship criteria:
a) Indonesian citizens (*WNI*): have a Taxpayer Identification Number (*NPWP*) or Population Identification Number (*NIK*).
b) Foreign Citizens (*WNA*): have a *NPWP* and meet the property ownership requirements for *WNA* in Indonesia.

b. House Requirements



A landed house is a building in the form of a residential or row house, whether multi-story or not, including some that are used as shops or offices. A condominium unit is one that functions as a residence.

Landed houses or apartment units must meet all of the following criteria:

1) The maximum selling price is IDR 5,000,000,000 (five billion rupiah).
2) This is a new house, handed over for the first time by the selling Taxable Entrepreneur (*PKP*) and has never been transferred.
3) Delivered in ready to move in condition.
4) Have a house identity code issued through the application of the Ministry of Public Works and Public Housing (*PUPR*) and/or the Public Housing Savings Management Agency (*BP Tapera*).
5) The transfer of rights as evidenced by the Minutes of Handover (*BAST*) occurred in the period from January 1 to December 31, 2026. The signing of the Sale and Purchase Deed (*AJB*) or the Sale and Purchase Binding Agreement (*PPJB*) in full also occurred during this period.
6) Houses that have received VAT exemption facilities based on other regulations can no longer take advantage of this Government-Borne VAT incentive.

2. Obligations of Seller/Developer Taxable Entrepreneur

Taxable Entrepreneurs who hand over houses with this facility shall have the following administrative obligations to fulfill. Failure to comply may result in cancellation of the facility and collection of the VAT payable.

a. Issuance of Tax Invoice with Facility Information

1) Tax invoice for the transfer of a house subject to Government-Borne VAT must include a special statement/stamp: "*PPN DITANGGUNG PEMERINTAH BERDASARKAN PMK NOMOR* 90 *TAHUN* 2025" (VAT BORNE BY THE GOVERNMENT UNDER MINISTER OF FINANCE REGULATION NUMBER 90 OF 2025). The Government-Borne VAT facility will be void if this stamp is not included, hence the transfer shall be considered a regular transfer and the VAT payable must be collected.

2) The transaction code used is 07 for the *PPN DTP* section, and 04 for the section where the VAT is not borne by the government (if the selling price is above IDR 2 billion).

3) In the Tax Invoice item name column, fill in the house identity code as supplementary information.

b. Reporting and Registration Obligations

1) Taxable Entrepreneurs (*PKP*) are required to report the realization of utilization of Government-Borne VAT through a VAT Periodic Return (*SPT Masa*). Reporting and corrections to the January to December 2026 tax returns can be treated as realization reports insofar as they are submitted by no later than January 31, 2027.

2) Taxable Entrepreneurs are required to register *BAST* in the application at the relevant ministry by no later than the end of the month following the submission month.

3. Conditions of Inapplicability of Facilities

Under Article 9 of *PMK* 90/2025, the Government-Borne VAT facility shall not apply or shall become invalid in the following events:

a. The object submitted does not meet the requirements as a landed house or apartment unit according to the provisions.
b. The down payment or first installment has been made before January 1, 2026.
c. Handover of the house must be made before January 1, 2026 or after December 31, 2026.
d. 1 individual can obtain more than 1 unit of the same facility.

e. The house is transferred or resold within 1 year of handover.
f. Tax invoice according to the provisions is not made by the Taxable Entrepreneur or is not used for the delivery.
g. The Taxable Entrepreneur does not register the *BAST*.
h. The Taxable Entrepreneur does not report the realization of Government-Borne VAT.

If the facility is cancelled, the Head of the Tax Office shall have the authority to collect the VAT payable from the selling Taxable Entrepreneur.

4. Recommendations for Taxpayers

a. For developer Taxable Entrepreneurs: Create an internal system to ensure that one individual only gets one unit with facilities, implement procedures for creating Tax Invoices with facility stamps, ensure that the delivery and administration processes are carried out according to the specified time.
b. For prospective buyers: Ensure that the developer is registered as a Taxable Entrepreneur; confirm that the unit being sold meets all object requirements and that the Tax Invoice issued later contains the correct facility stamp.

B. Government-Borne Income Tax Article 21 for the Industry and Tourism Sectors

The purpose of this incentive is to maintain purchasing power, public welfare, and economic stability by providing fiscal stimulus to certain employees working in strategic sectors. This policy is valid for the January to December 2026 tax periods.

1. Criteria of Eligible Employers

This incentive applies to employers with certain criteria, namely those operating in one of five business sectors or industrial fields, including: Footwear, Textiles and Apparel, Furniture, Leather and Leather Goods, or Tourism.

Employers must have a primary Business Field Classification (*KLU*) code as contained in Attachment A to *PMK* 105/2025 (containing 133 *KLU*s). Registered taxpayers' *KLU* codes are listed in the Directorate General of Taxes (DGT) administrative database.

2. Criteria of Beneficiary Employees

There are two specific categories of employees who can receive incentive benefits, each with their own specific requirements:

a. Certain Permanent Employees

Namely employees who receive a fixed and regular income, with the following criteria:

1) Have a Taxpayer Identification Number (*NPWP*) and/or National Identification Number (*NIK*) that has been validated/integrated with the DGT system.
2) Gross income is not more than IDR 10,000,000 in:
a) The tax period of January 2026, for those who have worked before 2026.
b) The tax period for the first month of employment, for employees who started work in 2026.
3) Not currently receiving other Government-Borne Income Tax Article 21 incentives under other regulations.

b. Certain Non-Permanent Employees

Namely freelance employees, with the following criteria:

1) Have *NPWP* and/or *NIK* that has been validated/integrated with the DGT system.
2) Average gross income per day is no more than IDR 500,000 for daily/weekly/piece/piece wages, or no more than IDR 10,000,000 for monthly wages.
3) Not currently receiving other Government-Borne Income Tax Article 21 incentives under other regulations.

Income that is subject to Government-Borne Income Tax Article 21 incentive does not include income that has been subject to final Income Tax with separate regulatory provisions.

3. Forms of Incentive Utilization

This incentive is provided with a direct payment mechanism as follows:

a. Employers are required to pay in cash the amount of Article 21 Income Tax borne by the government to certain employees at the time of payment of income, including if Article 21 Income Tax is supported or borne by the employer.
b. Such cash payments shall not be taken into account as taxable income.
c. There will be no excess refund to permanent employees if the amount of Government-Borne Income Tax Article 21 given as incentive in a year is greater than the Article 21 Income Tax payable for 1 (one) tax year.
d. Excess tax payments in the submitted Income Tax Article 21/26 Periodic Return originating from Government-Borne Income Tax Article 21 cannot be refunded or compensated.

4. Employer's Administrative Obligations

Utilization of this incentive carries obligations for employers, namely:

a. Creating Proof of Withholding of Article 21 Income Tax.
b. Report the utilization of Government-Borne Income Tax Article 21 incentive for each tax period from January to December 2026 by submitting the Income Tax Article 21/26 Periodic Return, and corrections may be made insofar as they are submitted by no later than January 31, 2027.
c. Incentives are not provided if the submission/correction of the Periodic Tax Return is made after the deadline, and the employer shall be obligated to deduct and pay the Article 21 Income Tax.

5. Recommendations for Taxpayers

a. Ensure that the company's main *KLU* is contained in Attachment A to *PMK* 105/2025.
b. Identify the eligible workers based on a list of permanent and non-permanent employees with salary/wage data and possession of *NPWP/NIK*.
c. Adjust the payroll system to be able to calculate the Income Tax Article 21 payable and record it as Government-Borne (*DTP*) cash payments to the employees.
d. Prepare the procedures for the finance/accounting team for reporting incentives via e-*Bupot* and Income Tax Article 21/26 Periodic Returns.

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