Indonesian wealth in Singapore

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

A relationship shaped by history

The relationship between Singapore and Indonesia began in conflict. During the Konfrontasi of the early 1960s, Indonesia opposed the formation of Malaysia, which then included Singapore, and sent saboteurs across the strait. In early 1965 two Indonesian marines bombed MacDonald House in Orchard Road, and their execution in 1968 led some 300 students to attack the Singapore embassy in Jakarta. Diplomatic relations were established only on 7 September 1967, a month after the founding of ASEAN.[1] The regional diplomacy that followed is the subject of Chapter F.IV.

Economic ties soon proved stronger than the memory of conflict. Under the New Order of President Suharto, Indonesia grew quickly and produced a class of large business groups, many of them owned by Chinese-Indonesian families. For these families, Singapore offered what their own country could not yet provide: a stable currency, banks that enforced contracts, a common-law legal system and a society in which their language and commercial networks were at home. They opened accounts, bought property and set up holding and trading companies in the city. The Asian financial crisis of 1997–1998 and the violence of May 1998 in Jakarta, examined in Chapter D.III, accelerated this movement of capital and families. Many groups have kept part of their treasury, management and family wealth in Singapore ever since.

The scale of Indonesian assets

How much Indonesian wealth is held in Singapore has long been a matter of estimate and rumour. The first hard figures came from Indonesia's tax amnesty of 2016–2017, examined in Section 4 below. By the end of March 2017, Indonesian taxpayers had declared Rp 751.19 trillion of assets held in Singapore. This corresponded to 73.08 per cent of all declared foreign assets, far ahead of the British Virgin Islands with 7.48 per cent, Hong Kong with 5.47 per cent and the Cayman Islands with 5.14 per cent. At the exchange rate implied by contemporary reports, the Singapore figure corresponds to about US$56 billion.[2]

These figures understate the true amount. They cover only assets that participants chose to declare, and many holdings in British Virgin Islands or Cayman companies were themselves administered from Singapore. Contemporary estimates put the total of Indonesian wealth in Singapore far higher. One analysis published at the close of the amnesty estimated that Indonesians held about Rp 2,600 trillion in Singapore, of which around Rp 650 trillion was in non-investable assets such as property. An Indonesian tax analyst claimed in 2016 that nearly 60 per cent of the clients of Singapore banks

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were Indonesian citizens.[3] No official source confirms that figure, which probably refers to private banking clients from the region. It nevertheless shows how central Indonesian wealth appears from Jakarta.

Investment flows from and through Singapore

Singapore is also the largest source of foreign direct investment in Indonesia. According to the Indonesian Ministry of Investment, investors from Singapore accounted for US$20.1 billion in 2024 and US$17.4 billion in 2025, roughly 30 per cent of all foreign direct investment in that year. Hong Kong followed in 2025 with US$10.6 billion, China with US$7.5 billion and Malaysia with US$4.5 billion. Between 2010 and 2025, Singapore contributed Rp 2,055.71 trillion, or 28.6 per cent, of all foreign direct investment in Indonesia.[4]

The statistics record the country of the immediate investor. A large part of the investment registered as Singaporean is the capital of multinational groups that manage their Southeast Asian business from Singapore, as Chapter I.I explains. Another part belongs to Indonesian families and groups that hold their domestic companies through Singapore vehicles. Such structures offer access to Singapore banks and capital markets, the protection of investment treaties and a neutral forum for disputes between shareholders. They also allowed some owners to keep the ultimate ownership of Indonesian assets out of view of the Indonesian tax authorities, which is one reason why Jakarta has repeatedly pressed for more transparency.

The tax treaty between the two countries provides the framework for these flows. The original agreement had been in effect since 1992. An updated agreement was signed on 4 February 2020 by Indranee Rajah for Singapore and Sri Mulyani Indrawati for Indonesia. It lowers the withholding tax rates for royalties and branch profits, exempts certain capital gains in the source state and incorporates the international standards against treaty abuse.[5] The revised treaty entered into force on 23 July 2021 and has applied since 1 January 2022.[6] The principal purpose test of the new treaty makes it harder to claim treaty benefits for structures whose main purpose is to obtain them.

Private banking, family offices and the Indonesian client

For the private banks of Singapore, Indonesia has for decades been the most important single market outside Singapore itself. Indonesian clients have traditionally been served from Singapore itself, with the client travelling to the banker. The relationship is often multi-generational and combines private banking with corporate banking for the family's business group. The local banks of Singapore have also built their own presence in Indonesia: DBS, OCBC and UOB all operate Indonesian banking subsidiaries, which give them knowledge of their clients' domestic business.[7]

The structure of Indonesian family wealth has changed since the amnesties. Assets that were once held in numbered or nominee accounts are now declared in Indonesia and reported under the automatic exchange of information. Many families have kept their assets in Singapore and reorganised them in trusts, holding companies and single family offices, whose tax treatment is the subject of Chapters E.III and E.IV. The motives have shifted from secrecy to security: diversification away from the rupiah,

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access to international investments, succession planning and protection against political risk. Indonesian clients remain among the most important users of these structures, together with clients from China, which Chapter I.II examines.

Notes

1. Wikipedia, "Indonesia–Singapore relations" (accessed November 2026): "In early 1965, two Indonesian Marines blew up the Macdonald house building in Singapore"; the execution of the two marines in 1968 led to a raid on the Singapore embassy in Jakarta by about 300 students; Wikipedia, "Indonesia–Singapore relations" (accessed November 2026): "Indonesia and Singapore established diplomatic relations on 7 September 1967.".
2. "Singapura sumbang repatriasi tax amnesty terbesar", *Kontan*, 29 March 2017, citing the Directorate General of Taxes: declarations of foreign assets from Singapore Rp 751.19 trillion (73.08 %), British Virgin Islands Rp 76.92 trillion (7.48 %), Hong Kong Rp 56.27 trillion (5.47 %), Cayman Islands Rp 52.86 trillion (5.14 %); "Tax Amnesty Program Indonesia Ended, What Are the Results?", indonesia-investments.com, 3 April 2017: total declared assets of IDR 4,865.7 trillion are given as about US$366 billion, which implies a rate of about 13,300 rupiah to the dollar; the conversion of the Singapore figure is the author's calculation.
3. "Tax Amnesty Program Indonesia Ended, What Are the Results?", indonesia-investments.com, 3 April 2017: Indonesians are estimated to hold about IDR 2,600 trillion in Singapore, of which around IDR 650 trillion in non-investable assets such as property; "Upaya Singapura Cegah Repatriasi Dinilai Tak Langgar Hukum", *Hukumonline*, 27 July 2016, quoting Yustinus Prastowo, Center of Indonesia Taxation Analysis: "Hampir 60% nasabah perbankan Singapura adalah WNI".
4. "Top 5 Foreign Investor Countries in Indonesia 2025, Singapore Dominates", *Databoks* (Katadata), 19 January 2026, citing the Ministry of Investment/BKPM press conference of 15 January 2026: Singapore US$17.4 billion (30.9 per cent in the text, 30.1 per cent in the summary), Hong Kong US$10.6 billion, China US$7.5 billion, Malaysia US$4.5 billion; "Singapore, the Largest Investor in Indonesia in 2024", *Databoks*, 2025, and other reports citing BKPM: US$20.1 billion in 2024 (Minister Rosan Roeslani, press conference of 31 January 2025: US$20.07 billion); "Singapore, the Largest Source of Foreign Investment in Indonesia Over the Last 15 Years", *Databoks* (Katadata), 27 October 2026, citing the Ministry of Investment and Downstream Industry/BKPM: Rp 2,055.71 trillion, 28.6 per cent of total foreign investment 2010–2025.
5. Ministry of Finance Singapore, press release "Singapore and Indonesia Sign An Updated Avoidance of Double Taxation Agreement", 4 February 2020 (mof.gov.sg): signed by Indranee Rajah and Sri Mulyani Indrawati; the update "lowers the withholding tax rates for royalties and branch profits", "provides for tax exemption in the source State for certain capital gains" and "incorporates internationally-agreed standards to counter treaty abuse"; the existing treaty "has been in effect since 1992".
6. IRAS, "Updated Singapore-Indonesia Agreement for the Elimination of Double Taxation Enters into Force" (iras.gov.sg, accessed November 2026): the agreement "entered into force on 23 July 2021"; Sovereign Group, "Revised Singapore-Indonesia tax treaty brought into force", 16 September 2021: in force on 23 July following ratification by both parties, "effective as of 1 January 2022".
7. On the Indonesian subsidiaries of DBS (PT Bank DBS Indonesia), OCBC (PT Bank OCBC NISP Tbk) and UOB (PT Bank UOB Indonesia), see the annual reports of the three groups for 2025.

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