Tax amnesties and repatriation

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Indonesia's amnesty of 2016–2017

The most important event for Indonesian wealth in Singapore in the past decade was the tax amnesty that ran from July 2016 to 31 March 2017 under Law No. 11 of 2016 on tax amnesty. Indonesia had held earlier amnesties in 1964, 1984 and 2008, all with limited results.[1] The programme of 2016 was designed to raise revenue for President Joko Widodo's infrastructure plans and to bring offshore wealth into the domestic tax base before the automatic exchange of information began. Participants declared their undisclosed assets and paid a redemption charge whose rate depended on the date of declaration and on whether foreign assets were repatriated. Repatriated assets enjoyed lower rates than assets that were merely declared.

The results were remarkable in one respect and disappointing in another. In total, 965,983 taxpayers declared assets of Rp 4,865.7 trillion, about US$366 billion and nearly 40 per cent of Indonesia's gross domestic product, which exceeded the government's target of Rp 4,000 trillion. Redemption payments reached Rp 114 trillion, against a target of Rp 165 trillion. Repatriation, however, reached only Rp 147 trillion, against a target of Rp 1,000 trillion. Contemporary observers described it as one of the largest tax amnesties in history.[2]

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Singapore accounted for the largest part of both declarations and repatriation. Of the foreign assets declared, 73 per cent were held in Singapore. Of the assets repatriated, Rp 84.52 trillion, about 58 per cent, came from Singapore, followed by the Cayman Islands with Rp 16.51 trillion and Hong Kong with Rp 16.28 trillion.[3] The comparison of the two figures is the key to the episode. Indonesian taxpayers declared assets in Singapore worth almost nine times what they brought home. They chose to regularise their position with the Indonesian tax authorities while leaving their wealth in Singapore.

Singapore's position: competing for the client

The amnesty was a test for the Singapore financial centre. Indonesian commentators accused Singapore banks of discouraging repatriation. A report of July 2016 claimed that some banks had offered to pay the difference between the rates for repatriation and declaration, so that clients would declare their assets and leave them in Singapore.[4] The analyst quoted in the report considered such offers normal commercial competition and lawful. They nevertheless strengthened the impression in Jakarta that Singapore profited from Indonesian tax evasion.

The Singapore government answered with transparency. On 21 June 2017 Singapore signed the Multilateral Competent Authority Agreement for the automatic exchange of financial account information and listed Indonesia as an intended partner. On 12 July 2017 the Ministry of Finance declared that Singapore was ready for an automatic exchange relationship with Indonesia, once Indonesia had enacted the necessary laws and confidentiality safeguards.[5] Indonesia had already given its tax authority access to financial account information by a regulation in lieu of law of May 2017, later confirmed by statute, and exchanges began in 2018.[6] Chapter E.II traces the wider end of banking secrecy for foreign tax purposes. For Indonesian clients, the effect was that the information about their Singapore accounts began to flow to Jakarta every year.

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The Voluntary Disclosure Programme of 2022

Indonesia held a second programme five years later. The Voluntary Disclosure Programme, known by its Indonesian initials PPS, ran from 1 January to 30 June 2022 under the Law on the Harmonisation of Tax Regulations, Law No. 7 of 2021. It offered two policies. The first applied to participants of the 2016 amnesty who had still failed to declare assets acquired before 2016. The second applied to individuals with undeclared assets acquired between 2016 and 2020.[7] Final income tax rates ranged from 6 to 11 per cent under the first policy and from 12 to 18 per cent under the second. The highest rates applied to foreign assets that were not repatriated, while the lowest applied to assets invested in government bonds, natural resource processing or renewable energy.[8]

The results were modest compared with 2016. In total, 247,918 taxpayers disclosed net assets of Rp 594.82 trillion and paid Rp 61.01 trillion in income tax. Domestic declarations accounted for Rp 498.88 trillion, foreign declarations for Rp 59.91 trillion and repatriation for Rp 13.70 trillion, with Rp 22.34 trillion committed to investment. Singapore again headed the list of countries of origin, with 7,997 participants and assets of about Rp 57 trillion. That figure amounts to more than three quarters of all foreign declarations and repatriations together.[9]

Malaysia's voluntary disclosure programmes

Malaysia followed a similar path on a smaller scale. Its Special Voluntary Disclosure Programme was announced in the budget statement of 2 November 2018. It allowed taxpayers to disclose unreported income, including income held in offshore accounts, with a reduced penalty of 10 per cent until 30 June 2019 and 15 per cent until the extended deadline of 30 September 2019. The Inland Revenue Board collected RM 7.88 billion in taxes and penalties from 286,428 participants, among them 11,176 new taxpayers.[10]

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A second round ran from 6 June 2023 to 31 May 2024. It brought 141,406 disclosures and RM 1.29 billion of previously unreported tax, exceeding the government's target of RM 1 billion.[11] Neither programme required repatriation. For Singapore, the Malaysian disclosures therefore meant above all that Malaysian accounts became tax-compliant without leaving the city.

A third amnesty?

In late 2024 the Indonesian government and parliament placed a bill amending Law No. 11 of 2016 on the list of priority legislation for 2025, which opened the prospect of a third amnesty.[12] The new Finance Minister, Purbaya Yudhi Sadewa, rejected the idea on 19 September 2025. He argued that repeated amnesties signal to taxpayers that they may break the law, because a new amnesty will follow in a few years.[13] As at the date of this book, no third programme has been enacted. The Indonesian tax authority has turned to checking the declarations of earlier participants against the data it receives under the automatic exchange of information.[14]

Lessons from the amnesties

The amnesties confirm a pattern familiar from Europe. When the neighbouring state offers a choice between declaring and repatriating, most wealthy taxpayers declare their assets and leave them where they are. They value the services, stability and diversification of the foreign centre more than the lower rate for repatriation. What changes is the nature of the business. Before the amnesties, part of Singapore's Indonesian business rested on the fact that assets were unknown to the Indonesian authorities. After the amnesties and the automatic exchange of information, it must rest on performance, service and the legal security of the city. For Singapore, the result was a loss of some assets and a gain in reputation, because the remaining assets are now known to the tax authorities of the clients' home country.

The amnesties also show the limits of what a financial centre can control. The rates, deadlines and repatriation conditions are set in Jakarta and Kuala Lumpur. A Singapore bank can only advise its clients to seek professional tax advice, document their compliance and adapt its offer. The banks that accompanied their Indonesian

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clients through the amnesty of 2016, by providing statements and confirmations and by requiring proof of regularisation, kept most of the relationships. The financial centre emerged with a clientele that has shrunk in parts and become more stable and more defensible as a whole.

Notes

1. "Tax Amnesty Program Indonesia Ended, What Are the Results?", indonesia-investments.com, 3 April 2017: the programme ran from July 2016 to 31 March 2017; "Purbaya Tegas Tolak Tax Amnesty Jilid III", *CNN Indonesia*, 19 September 2025, on Law No. 11 of 2016 as the statute of the amnesty; Wikipedia, "Tax amnesty" (accessed November 2026): Indonesia's scheme ran in three consecutive three-month windows in 2016 and 2017, ending on 31 March 2017; earlier amnesties were held in 1964, 1984 and 2008. ↩
2. "Tax Amnesty Program Indonesia Ended, What Are the Results?", indonesia-investments.com, 3 April 2017: 965,983 participants; declared assets IDR 4,865.7 trillion (about US$366 billion, nearly 40 per cent of GDP) against a target of IDR 4,000 trillion; redemption payments IDR 114 trillion against IDR 165 trillion; repatriation IDR 147 trillion against IDR 1,000 trillion; about 75 per cent of declared assets held domestically; Wikipedia, "Tax amnesty" (accessed November 2026): Indonesia ran "one of the biggest Tax Amnesty scheme in the world"; the article reports that it broke the record of Italy's 2009 programme (citing *Jakarta Globe*, 29 September 2016). ↩
3. "Singapura sumbang repatriasi tax amnesty terbesar", *Kontan*, 29 March 2017, citing the Directorate General of Taxes: repatriation from Singapore Rp 84.52 trillion (about 58 per cent), Cayman Islands Rp 16.51 trillion (11.31 per cent), Hong Kong Rp 16.28 trillion. ↩
4. "Upaya Singapura Cegah Repatriasi Dinilai Tak Langgar Hukum", *Hukumonline*, 27 July 2016: Singapore banks were reportedly courting Indonesian clients to declare only and keep their assets in Singapore, with the bank covering the difference between the repatriation and declaration rates;

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the analyst Yustinus Prastowo described such steps as “lumrah dan tidak melanggar hukum”. ↩

5. Ministry of Finance Singapore, press release “Singapore Is Ready To Have An AEOI Relationship With Indonesia”, 12 July 2017 (mof.gov.sg): Singapore signed the MCAA on 21 June 2017 and listed Indonesia as an intended partner; reciprocal exchange can begin “after committed jurisdictions have introduced the necessary laws to implement CRS” and once “the required confidentiality and data protection safeguards are in place”. ↩

6. Government Regulation in Lieu of Law (Perppu) No. 1 of 2017 of 8 May 2017 on access to financial information for tax purposes, enacted as Law No. 9 of 2017; first exchanges under the Common Reporting Standard by September 2018; see RSM Indonesia, “Implications of AEOI commencement for Indonesian investors”, and the DJP announcement PENG-3/PJ/2025. ↩

7. On the scope of policies I and II of the PPS (assets acquired up to 31 December 2015 for policy I, assets acquired from 2016 to 2020 by individuals for policy II), see the guidance of the Directorate General of Taxes on pajak.go.id. The statute is cited as UU No. 7 Tahun 2021 tentang Harmonisasi Peraturan Perpajakan in “Resmi Berakhir, Begini Rekapitulasi Hasil PPS Pajak”, *Hukumonline*, 1 July 2022. ↩

8. Cabinet Secretariat of the Republic of Indonesia, “Inilah Tiga Pilihan Tarif Program Pengungkapan Sukarela” (setkab.go.id), 2 March 2022: policy I rates of 11 % (foreign assets not repatriated), 8 % (repatriated or domestic) and 6 % (invested in government securities, natural resource processing or renewable energy); policy II rates of 18 %, 14 % and 12 %; legal basis UU HPP and PMK 196/PMK.03/2021; programme period 1 January to 30 June 2022. ↩

9. Directorate General of Taxes, press release “PPS Usai, Bagaimana Hasilnya?” (pajak.go.id), 1 July 2022: 247,918 participants; net assets disclosed Rp 594.82 trillion; income tax paid Rp 61.01 trillion (Rp 32.91 trillion under policy I, Rp 28.1 trillion under policy II); domestic declarations Rp 498.88 trillion; foreign declarations Rp 59.91 trillion; repatriation Rp 13.70 trillion; investment commitments Rp 22.34 trillion; Directorate General of Taxes, press release

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"PPS Usai, Bagaimana Hasilnya?", 1 July 2022, table "Negara asal harta deklarasi dan repatriasi harta bersih": Singapura, 7,997 participants, asset value 56,960.11 and total income tax 7,295.14 (units not stated, evidently billions of rupiah); followed by the British Virgin Islands (4,977.39), Hong Kong (3,580.77), Australia (2,766.32) and China (1,512.37); the share is the author's calculation against Rp 73.61 trillion of foreign declarations and repatriation. ↩

10. Wikipedia, "Tax amnesty" (accessed November 2026): Malaysia's programme was announced in the Budget 2019 statement on 2 November 2018 (citing *The Star*, 2 November 2018); EY, "Malaysia extends Special Voluntary Disclosure Program", *EY Tax News*, April 2019 (taxnews.ey.com/news/2019-0770): disclosure of "any unreported income, including income maintained in offshore accounts"; penalty rates of 10 % from 1 November 2018 to 30 June 2019 and 15 % from 1 July to 30 September 2019; minimum of 45 % thereafter; information accepted in good faith without further review; "IRB collected RM7.9b from voluntary disclosure programme, says CEO", *The Edge Malaysia*, 18 February 2020: RM 7.88 billion in taxes, extra taxes and penalties from November 2018 to September 2019; 286,428 contributors, including 11,176 new taxpayers. ↩

11. "RM1.29bil declared through voluntary tax disclosure programme", *Free Malaysia Today*, 16 July 2024: programme from 6 June 2023 to 31 May 2024; RM 1.29 billion declared; RM 512.6 million recovered; 141,406 disclosures; target of RM 1 billion exceeded; first iteration RM 7.88 billion. ↩

12. "Purbaya Tegas Tolak Tax Amnesty Jilid III: Beri Sinyal Boleh Melanggar", *CNN Indonesia*, 19 September 2025: the government and the DPR agreed in late 2024 to include a bill amending Law No. 11 of 2016 in the 2025 priority national legislation programme (Prolegnas). ↩

13. "Purbaya Tegas Tolak Tax Amnesty Jilid III: Beri Sinyal Boleh Melanggar", *CNN Indonesia*, 19 September 2025, quoting Purbaya Yudhi Sadewa: "Itu memberikan sinyal ke para pembayar pajak bahwa boleh melanggar, nanti ke depan-depan ada amnesti lagi"; "Kalau tax amnesty setiap berapa tahun, ya sudah, nanti semuanya akan nyelundupin duit". ↩

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14. "Maju Mundur Tax Amnesty Jilid III", *Bisnis.com*, 12 May 2026: the bill did not progress, and the Directorate General of Taxes chose to re-examine the participants of the second programme. ↩

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