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The Formulation of Vacant Residential Tax Regulation in Indonesia Based on the Principle of the Social Function of Land Rights

Tajuddin Nur'Afas[1*], Tunggul Anshari Setia Negara[1], Mohammad Hamidi Masykur[1]

[1]Faculty of Law, Brawijaya University Malang, Indonesia

[*]Corresponding Author E-mail afastaj01@gmail.com

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ABSTRACT

This study analyzes the urgency of regulating the Empty Residential Property Tax in Indonesia's legal system based on the principle of the social function of land rights and formulates a regulatory model that can be integrated into the local tax regime. A normative juridical method is employed, using statutory, conceptual, comparative, and systematic approaches. Legal materials are analyzed qualitatively to examine the relationship between the social function of land rights, the regulatory function of taxation, and housing policy objectives. This study identifies a substantive and structural research gap. Previous studies predominantly focus on (i) the general doctrine of the social function of land rights within agrarian law, (ii) the effectiveness of Land and Building Tax in rural and urban areas (PBB-P2) as a fiscal instrument, or (iii) administrative enforcement of abandoned land regimes. However, limited attention has been given to the construction of a tax mechanism based on the actual utilization status of residential property and its normative grounding in the social function principle of land rights, particularly within Indonesia's decentralized taxation framework. The findings indicate a normative vacuum in Indonesian positive law, where existing abandoned land mechanisms are insufficient to address intentionally vacant residential properties, while Land and Building Tax in rural and urban areas (PBB-P2) remains property-value oriented without considering occupancy status. This condition creates regulatory inefficiency, market distortion, and contributes to artificial housing scarcity, contradicting the social function principle of land rights. The novelty of this study lies in the formulation of an Empty Residential Property Tax as a progressive add-on mechanism to Land and Building Tax in rural and urban areas (PBB-P2) within the framework of the Law on Financial Relations between Central and Regional Governments. The proposed model introduces a clear vacancy threshold (more than six months per tax year), utility-based data integration as an objective verification tool, proportionate exemptions, and earmarking of revenues for affordable housing programs. This represents a shift from ownership-based taxation to utilization-based taxation in Indonesia's property tax design.

Keywords : Vacant Home Tax; Social Function of Land Rights; Regional Taxation; Housing; Property Speculation.

1. INTRODUCTION

The need for decent housing constitutes one of the basic human needs guaranteed by the constitution and represents an important component of national development. Within the framework of the welfare state, the state bears responsibility for ensuring public access to affordable, safe, and sustainable housing. Nevertheless, developments in Indonesia's property market reveal a paradox between the growing housing needs of society and the increasing number of homes that remain unutilized or left vacant for extended periods. This phenomenon creates an imbalance between the physical availability of housing and the public's actual access to decent dwellings (Nasrul et al., 2025).

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Developments in the property sector in recent years indicate that housing is no longer regarded merely as a place of residence but also as an instrument of investment and capital accumulation. This condition has given rise to the practice of purchasing houses for speculative purposes, whereby owners deliberately leave properties vacant in anticipation of profiting from future increases in asset value. Such practices contribute to the creation of artificial scarcity in the housing market, causing house prices to continue rising without a corresponding improvement in public accessibility to home ownership (Rahmawati et al., 2024).

The phenomenon of vacant housing is by no means unique to Indonesia. Numerous countries face similar challenges arising from urbanization pressures, growth in property investment, and increasing speculative activity in the housing sector. In France, the government has implemented the Taxe sur les Logements Vacants as a fiscal instrument to encourage the utilization of vacant homes. Ireland, through the Finance Act 2022, introduced the Vacant Homes Tax, while the City of Vancouver in Canada applies the Empty Homes Tax to increase housing availability and curb property speculation. International experience demonstrates that taxation on vacant homes can serve as an effective regulatory instrument for correcting distortions in the housing market (World Bank, 2024).

In Indonesia, the issue of vacant housing has become increasingly relevant in light of the high demand for housing among the population. Although the government continues to promote housing development through various programs, the gap between housing needs and the availability of affordable dwellings remains an unresolved problem. At the same time, a number of houses already held under freehold title (Hak Milik) are in fact not being optimally utilized. This condition demonstrates that the housing problem is not solely related to the production of new units but also concerns the distribution and utilization of properties that already exist (Nasrul et al., 2025).

From the perspective of national agrarian law, ownership of land and buildings has never been construed as an absolute right. Law Number 5 of 1960 concerning the Basic Agrarian Principles (UUPA) explicitly establishes the social function as a fundamental principle in the exercise of land rights. Article 6 of the UUPA affirms that all rights to land carry a social function, meaning that their use and utilization must take into account the interests of the broader community. Accordingly, freehold title to residential property inherently contains not only an individual dimension but also a social responsibility toward the environment and society at large (Harsono, 2021).

Although the principle of the social function of land rights has become an integral part of Indonesia's agrarian legal system, its implementation in the context of unoccupied housing

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continues to face various obstacles. The legal instruments currently available are predominantly directed toward the control of neglected land, particularly land held under Right to Cultivate, Right to Build, or other large-scale land rights. By contrast, residential properties held under freehold title that remain unutilized over the long term have not been effectively addressed through existing monitoring mechanisms or legal sanctions. As a result, a gap exists between the normative principle of the social function of land rights and the actual reality of property utilization on the ground (Usman, 2022).

Furthermore, the local taxation instruments currently in force have likewise failed to provide adequate disincentives against the practice of housing neglect. The Rural and Urban Land and Building Tax continues to be levied based on the assessed value of the tax object, without regard to its utilization status. Houses that are occupied, leased, or left vacant remain subject to relatively the same tax treatment. This condition indicates that the regulatory (regulerend) function of taxation has not operated optimally, as the tax system remains oriented primarily toward its revenue-generating (budgetair) function rather than toward shaping public behavior (Saputra, 2022).

Recent academic studies reflect growing attention to the use of fiscal instruments in addressing housing problems and property speculation. The study by Dinata et al. (2024) concludes that a Vacant House Tax holds potential as a solution for restraining house prices and increasing housing supply. Rahmawati et al. (2024) likewise affirm that a Vacant Property Tax scheme can be effectively designed through the appropriate determination of its object, subject, and rate. Meanwhile, the study by Nasrul et al. (2025) shows that a Vacant Residential Tax can be employed to correct market failure caused by the low cost of property ownership and high levels of speculation. These findings indicate that tax instruments can function as a legal mechanism that encourages the productive utilization of property while simultaneously promoting equitable access to housing. (OECD, 2023)

Based on the foregoing discussion, there is an urgent need to examine the possible formulation of regulations governing a Vacant Residential Tax within the Indonesian legal system. Such an inquiry is significant not only because it relates to the development of local tax instruments, but also because it concerns the implementation of the social function principle of land rights as a fundamental tenet of national agrarian law. By drawing on the experiences of countries such as France, Ireland, and Canada, and adapting them to the distinctive characteristics of the Indonesian legal system, this study seeks to offer a comprehensive normative construction for the regulation of a Vacant Residential Tax as a legal instrument capable of balancing the

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protection of property rights with the social interests of the community in achieving housing justice.

2. RESEARCH METHODS

This research employs a normative juridical approach, focusing on the examination of legal norms, legal principles, doctrines, and legal concepts related to the regulation of Vacant Home Tax within the Indonesian legal system. The research was conducted through library research, employing a statute approach, a conceptual approach, a comparative law approach, and a systematic approach. The object of this research encompasses the regulation of the social function of land rights, the regime of the Rural and Urban Land and Building Tax, as well as the practice of imposing vacant home taxes in France, Ireland, and the City of Vancouver, Canada. As this research is normative in nature, it does not employ respondents or informants as research subjects; rather, it focuses on legal materials as the primary source of data.

The legal materials used consist of primary, secondary, and tertiary legal materials. The selection criteria for primary legal materials are based on their relevance, normative binding force, and direct relation to the research issue, namely regulations governing the social function of land rights, regional taxation, housing, the control of abandoned land, and vacant home tax regulations in the comparator countries. Secondary legal materials were selected based on their scholarly authority, publication recency, and relevance to the themes of the social function of land rights, theories of the purpose of law, theories of tax collection, and vacant residential tax policy, comprising books, reputable journal articles, research findings, theses, and dissertations. Tertiary legal materials, in the form of legal dictionaries, encyclopedias, and regulatory indexes, were used to support the understanding of legal terminology and systematics. The collection of legal materials was carried out through inventory, identification, classification, and systematic literature searching. Subsequently, the legal materials were analyzed using a qualitative legal analysis method with a prescriptive-argumentative technique to identify normative gaps, assess the conformity of existing regulations with the principle of the social function of land rights, and formulate a regulatory model for the Vacant Home Tax that can be integrated into the regional tax regime in Indonesia.

3. RESULTS AND DISCUSSION

The Urgency of Regulating Vacant Home Tax in Light of the Principle of the Social Function of Land Rights and the Theory of Legal Purpose

The findings of this study indicate that the phenomenon of vacant or unoccupied housing in Indonesia has developed into a legal and public policy issue that can no longer be regarded as an

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ordinary consequence of private ownership rights. Amid the high demand for housing nationwide, a considerable number of residential properties are deliberately left vacant for extended periods as instruments of investment and speculation. This condition creates an artificial scarcity that reduces the availability of housing in the market and contributes to rising property prices. These findings reveal that housing problems are not solely caused by limitations in physical supply but also by the inefficient utilization of existing housing stock (Nasrul, 2025).

From the perspective of agrarian law, the practice of leaving houses vacant over the long term contradicts the principle of the social function of land rights as stipulated in Article 6 of the Basic Agrarian Law. Although ownership rights confer broad authority upon the rights holder, the exercise of such rights is not absolute and must take the interests of the wider community into account. The findings of this study confirm that using a house merely as an instrument of capital accumulation, without serving any genuine residential function, constitutes a deviation from the social purpose of land ownership. This finding is consistent with the view of Rejekiningsih (2020), who asserts that the principle of social function serves as a mechanism for restricting the use of land rights in ways that could be detrimental to the public interest.

Furthermore, the principle of the social function of land rights does not merely require that land be owned or developed; rather, it requires that land be genuinely used and utilized in a manner that provides tangible benefits to society. In the context of abandoned land, the State is authorized to undertake enforcement measures when the land is not utilized in accordance with the purpose for which the land right was granted. From a physical perspective, the existence of a residential building may be regarded as an initial form of land utilization, indicating that the requirement of development has formally been fulfilled. Nevertheless, when the house is intentionally left vacant and unoccupied for a prolonged period, the underlying purpose of land utilization becomes effectively suspended. Although the land appears to have been utilized from a physical standpoint, it has, in substance, lost its social utility for both the community and the surrounding environment. Accordingly, the essence of the social function principle lies not merely in the existence of a building, but in the productive use of land and its capacity to generate social benefits. Therefore, a house that is deliberately left vacant for an extended period may be regarded as a form of suboptimal land utilization that is inconsistent with the spirit of the social function of land rights as embodied in Article 6 of the Basic Agrarian Law.

An analysis of existing legal instruments reveals a normative gap within Indonesia's legal system. The mechanism for the control of abandoned land, as regulated under Government Regulation Number 20 of 2021, is primarily directed at large-scale land objects such as corporate Business Use Rights and Building Use Rights. Consequently, residential houses held under

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freehold title that are left vacant cannot be effectively reached by this instrument. This finding reinforces the results of research conducted by Nurfachriyana Usman (2022), which demonstrates that the regulation of underutilized assets continues to face administrative and procedural obstacles, rendering it less effective in realizing the social function of land.

This study further finds that the Rural and Urban Land and Building Tax regime has not yet been able to function as an instrument for regulating the behavior of property owners. the Rural and Urban Land and Building Tax remains oriented toward a budgetary function, as its imposition is based on the Tax Object Sale Value without regard to the actual utilization status of the building. Houses that are actively occupied and houses that are left vacant are subject to the same tax burden. This condition indicates that the regulatory (regulerend) function of taxation has not been optimally implemented. This finding aligns with the research of Rahmawati et al. (2024), which states that the low cost of property ownership is one of the factors driving speculative practices and the hoarding of housing in urban areas.

Viewed through the lens of the Theory of Legal Purpose, the need to establish a Vacant Home Tax can be justified as a means of simultaneously realizing the values of justice, expediency, and legal certainty. From the standpoint of justice, this policy aims to reduce inequality in access to housing by encouraging the utilization of houses that have thus far remained unused. From the standpoint of expediency, the policy may increase housing availability in the market and ease pressure on property prices. Meanwhile, from the standpoint of legal certainty, specific regulation governing vacant houses would provide a clear normative foundation for the government to intervene in property speculation practices that have, until now, remained beyond the reach of existing legal instruments.

A comparative legal study shows that several countries have employed tax instruments as a corrective measure against the phenomenon of vacant housing. France applies the Taxe sur les Logements Vacants to encourage the return of vacant properties to the housing market, while Ireland, through its Vacant Homes Tax, and the City of Vancouver, through its Empty Homes Tax, adopt a more progressive approach aimed at curbing property speculation and increasing housing supply. This finding supports the research of Segú (2020), which demonstrates that taxation policies on vacant properties can enhance housing utilization and reduce distortions in the housing market.

Nevertheless, this study finds that such foreign policy models cannot be directly adopted through a legal transplant mechanism. Differences in governmental structure, taxation systems, and regional administrative capacity necessitate adjustments to align with the characteristics of national law. In the Indonesian context, the principal obstacles lie in the limited authority of local

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governments to create new types of taxes without a statutory basis, as well as in the disparities in fiscal capacity and administrative infrastructure across regions. Therefore, a more realistic approach would be to integrate the Vacant Home Tax into the existing PBB-P2 regime, which already possesses a relatively well-established database, collection mechanism, and regional authority (Nuringsih et al., 2025).

Based on the foregoing analysis, this study concludes that the regulation of a Vacant Home Tax constitutes an urgent legal necessity for realizing the social function of land rights. The existence of such a tax is not intended to arbitrarily restrict ownership rights, but rather to serve as a regulatory (regulerend) instrument that encourages the productive and responsible utilization of property. Accordingly, this policy may serve as a means of harmonizing the protection of ownership rights with broader social interests, while simultaneously strengthening the role of tax law in supporting equitable housing distribution in Indonesia (Rahmawati et al., 2024).

The Regulation of Rural and Urban Land and Building Tax in Indonesia and the Practice of Vacant Home Tax Regulation in France, Ireland, and Canada

The regulation of the Rural and Urban Land and Building Tax within the Indonesian legal system is essentially designed as a fiscal instrument oriented toward local revenue generation (budgetair function). The basis for tax assessment relies on the Sale Value of Tax Object, without regard to the actual utilization status of the taxed building. This condition gives rise to a normative problem, as actively occupied houses and houses deliberately left vacant for extended periods are subject to the same tax burden. From the perspective of the social function principle of land rights as stipulated in Article 6 of the Basic Agrarian Law, such a construction indicates that the Rural and Urban Land and Building Tax regime has not yet been fully capable of encouraging the optimal utilization of land and buildings for social interests. Consequently, a tax instrument that should be able to function as a behavior-steering tool (regulerend function) remains predominantly oriented toward serving as an instrument for collecting local revenue.

An analysis of the Rural and Urban Land and Building Tax regulation reveals a normative gap between the principle of the social function of land rights and the fiscal instrument currently in force. On one hand, Indonesian agrarian law affirms that no right to land is absolute and that every such right must take into account the interests of the wider community. On the other hand, no fiscal mechanism specifically imposes consequences on property owners who deliberately leave their houses vacant for prolonged periods. The absence of such regulation allows property speculation practices to continue without significant impediment. This finding reinforces the argument that holding residential property purely as an investment instrument has the potential to conflict with

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the legal objectives of social justice and legal utility for the broader community (Rahmawati et al., 2024).

The comparative study indicates that France is one of the countries that has successfully integrated the regulerend function of taxation into housing policy through the Taxe sur les Logements Vacants (Tax on Vacant Dwellings). This tax is imposed on houses that remain unoccupied for a specified period in regions experiencing a shortage of housing supply. Normatively, this policy is grounded in the need to return vacant houses to the housing market and to reduce price pressure resulting from artificial scarcity. France's success demonstrates that fiscal intervention against vacant housing does not constitute an excessive restriction on property rights, but rather a means of balancing private and public interests in housing provision (Segú, 2020).

A similar practice is found in Ireland through the Vacant Homes Tax, introduced under the Finance Act 2022. Unlike France, which focuses on specific regions experiencing housing shortages, Ireland adopts a more aggressive approach by determining vacancy criteria based on the actual occupancy rate within a single tax year. This policy emerged as a response to the housing crisis that has driven up house prices and limited public access to adequate housing. From the perspective of tax collection theory, the Irish model demonstrates that taxation can be used as a corrective instrument to alter property owners' behavior without extinguishing their ownership rights.

Meanwhile, the City of Vancouver in Canada implements the Empty Homes Tax, which exhibits characteristics distinct from those of France and Ireland. The advantage of the Vancouver model lies in the authority granted to local government to determine, collect, and oversee the vacant-home tax through a self-declaration mechanism supported by an administrative verification system. In addition, the tax revenue collected is reallocated to support community housing programs. This model is relevant to Indonesia's regional autonomy system, as it demonstrates that local governments possess the capacity to manage fiscal instruments directly related to housing policy (Nasrul, 2025).

A comparison of these three countries reveals that, despite differences in the definition of vacant housing, monitoring mechanisms, and tariff structures, all of these policies share the same objective, namely reducing property speculation practices and increasing housing availability. This finding shows that the imposition of tax on vacant houses is not merely an instrument for increasing state revenue, but rather a policy directed at correcting housing-market failure. Accordingly, the regulerend function of taxation becomes more dominant than its budgetair function. This condition stands in contrast to the regulation of Rural and Urban Land and Building

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Tax in Indonesia, which still fails to distinguish between utilized property and neglected property (Sudin et al., 2024).

A critical legal analysis indicates that Indonesia's position in fact carries stronger normative legitimacy than that of the comparator countries with respect to implementing a Vacant Home Tax. If France, Ireland, and Canada, which adhere to relatively strong protection of private property rights, are able to justify fiscal intervention against vacant houses, then Indonesia, which explicitly recognizes the principle of the social function of land rights in Article 6 of the UUPA, possesses an even more robust constitutional basis for adopting a similar policy. Therefore, the argument that imposing a tax on vacant houses constitutes a violation of property rights cannot be entirely justified. Property rights within the Indonesian legal system are always constrained by the social obligations inherent in the object of that right (Rejekiningsih, 2020).

Based on the overall analysis, this research produces a legal construct (research output) in the form of a formulation of a Vacant Home Tax that can be integrated into the Rural and Urban Land and Building Tax regime through a progressive surcharge mechanism, without establishing a new type of tax. The object of taxation consists of commercial residential houses held under Right of Ownership or Right to Build that remain unoccupied for more than six months within a single calendar year. The recommended tax rate is progressive in nature, namely 1% in the first year, 2% in the second year, and a maximum of 3% in the third year. This formulation is considered most consistent with the structure of central-regional fiscal relations under Law Number 1 of 2022, while also being capable of implementing the principle of the social function of land rights more effectively. Accordingly, the Vacant Home Tax functions not merely as a fiscal instrument, but also as a means of realizing social justice, increasing housing availability, and reducing property speculation practices in Indonesia.

The Formulation of Vacant Home Tax Regulation for Integration into the Regional Tax Regime in Indonesia, Considering the Practices in France, Ireland, and Canada, in Light of the Theory of Tax Collection

The findings of this study indicate that the regulation of the Vacant Residential Tax (VRT) within the Indonesian legal system constitutes an urgent necessity, given the existence of a normative gap between the principle of the social function of land rights and the positive legal instruments currently available. Article 6 of the Basic Agrarian Law affirms that every land right carries a social function, meaning that the exercise of ownership rights cannot be separated from the interests of the broader community. However, this study found that residential houses deliberately left vacant over an extended period for speculative purposes have not yet been effectively addressed, either by the instruments governing the management of neglected land or by

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the regime of the Rural and Urban Land and Building Tax. This condition gives rise to a contradiction between the legal objective of achieving social utility and the practice of exclusive and speculative exploitation of ownership rights (Rejekiningsih, 2020).

Viewed from the theory of legal objectives, the existence of vacant residential properties demonstrates that a balance among legal certainty, justice, and utility has not yet been achieved. From the standpoint of legal certainty, homeowners do indeed enjoy full protection of their ownership rights. From the standpoint of justice and social utility, however, the abandonment of houses amid the high demand for housing among the population creates inequality in the distribution of access to housing. This phenomenon reveals that current positive law remains more oriented toward the protection of individual ownership than toward optimizing the social function of land and buildings. Accordingly, state intervention through fiscal instruments becomes relevant as an effort to balance private and public interests within the framework of the welfare state (Sudin et al., 2024).

This study further found that the instrument for managing neglected land, as regulated under Government Regulation No. 20 of 2021, has not been capable of addressing the issue of vacant residential properties. This mechanism is primarily directed toward large-scale unused land, such as corporate Rights to Cultivate or Rights to Build. By contrast, freehold residential houses left vacant for years remain administratively protected so long as no formal violation occurs. This situation reveals a regulatory vacuum concerning a passive form of property neglect that nevertheless has a significant impact on the housing market. The study therefore concludes that an agrarian approach alone is insufficient to resolve this issue and must be supported by a more responsive fiscal instrument (Rahmawati et al., 2024).

From the perspective of tax law, this study found that the current structure of the Rural and Urban Land and Building Tax is "blind to utility," in that it does not distinguish between houses that are actively used and houses that are deliberately left vacant. The maximum rate of 0.5% of the Tax Object Sale Value is relatively too low to create a disincentive against speculative behavior. As a result, the cost of property ownership is far lower than the gains derived from property value appreciation. Under these conditions, the Rural and Urban Land and Building Tax functions predominantly as a budgetary (budgetair) instrument generating local revenue, rather than as a regulatory (regulerend) instrument capable of controlling socio-economic behavior. This finding reinforces the argument that an additional tax instrument is required, one specifically designed to correct distortions in the housing market (Nasrul, 2025).

A comparative analysis of France shows that the Taxe sur les Logements Vacants has been successfully employed as an instrument to bring vacant houses back into the housing market. The

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findings of Segú (2020) demonstrate that the implementation of this tax in major French cities resulted in a reduction of the vacancy rate by 13% relative to the initial rate. Notably, France despite its strong tradition of protecting private ownership rights nonetheless recognizes the legitimacy of state intervention through taxation when such ownership produces detrimental social consequences. This indicates that the imposition of the Vacant Residential Tax (VRT) is not inconsistent with the principle of protecting ownership rights, provided that it is implemented proportionally and grounded in the public interest (Segú, 2020).

Meanwhile, the practices of Ireland and Vancouver illustrate a more progressive regulatory model. Ireland, through its Vacant Homes Tax, applies a mandatory taxpayer declaration system accompanied by verification authority vested in the tax authorities. Vancouver has gone further by integrating its Empty Homes Tax policy into the local tax system through a mechanism of self-declaration, monitoring based on utility data, and the allocation of tax revenue to community housing programs. From the perspective of administrative law and tax collection theory, both models demonstrate that the success of such a policy is determined not only by the tax rate itself, but also by the quality of the monitoring mechanism and the level of administrative compliance (Rahmawati et al., 2024).

Based on this comparative analysis, the study formulates that the most appropriate model of Vacant Residential Tax regulation for Indonesia is through a surcharge mechanism within the existing the Rural and Urban Land and Building Tax regime, rather than through the creation of an entirely new tax category. This model was selected because vacant houses essentially remain objects of the Rural and Urban Land and Building Tax, such that no new tax regime which could potentially give rise to administrative duplication is required. Integration through a surcharge mechanism is also more consistent with the structure of fiscal decentralization under Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments. In this way, local governments remain the tax-collecting authority while simultaneously gaining the latitude to optimize the regulatory (regulerend) function of local taxation (Wibowo & Nawirah, 2026).

The principal output of this study is a normative construction for the regulation of the Vacant Residential Tax that can be integrated into the Rural and Urban Land and Building Tax through a Local Regulation. The proposed model defines the tax object as a commercial residential house held under freehold or Right to Build status that remains unoccupied for more than six months within a single calendar year without valid justification. The tax base employs Tax Object Sale Value, consistent with the Rural and Urban Land and Building Tax, while the rate is applied progressively at 1% in the first year, 2% in the second year, and a maximum of 3% in the third year

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of vacancy. Monitoring is conducted through a combination of mandatory taxpayer declaration and verification of utility data, such as electricity and water consumption, while remaining mindful of the principle of personal data protection. Furthermore, the resulting tax revenue is directed toward supporting low-income housing programs, thereby allowing the regulatory function and the welfare function to operate concurrently. Through this model, the principle of the social function of land rights ceases to remain merely a philosophical norm and instead acquires a concrete instrument of implementation within the Indonesian legal system (Nasrul, 2025).

4. CONCLUSION

This study concludes that the regulation of a Vacant Residential Tax in Indonesia constitutes an urgent legal necessity for realizing the implementation of the social function principle of land rights as stipulated in Article 6 of the Basic Agrarian Law. The findings indicate that the practice of leaving residential dwellings vacant for extended periods as an instrument of investment and speculation has generated artificial scarcity, reduced housing availability, and worsened housing affordability for the public. This condition reflects an inconsistency between the exercise of ownership rights over land and buildings and the social function inherent in those rights. Furthermore, a normative vacuum exists within the Indonesian legal system, as the instruments for addressing neglected land have not been capable of reaching residential dwellings that are deliberately left vacant, while the Rural and Urban Land and Building Tax regime remains oriented toward the value of the tax object without considering its level of utilization.

This study further finds that the regulatory practices governing vacant homes in France, Ireland, and Canada demonstrate that tax instruments can be effectively employed as a regulerend (regulatory) tool to reduce property speculation, improve housing utilization, and support housing policy. Nevertheless, these regulatory models cannot be directly adopted due to differences in legal structure, taxation systems, and governmental administrative capacity. Within the Indonesian context, the regulation of a Vacant Residential Tax is more appropriately integrated into the Rural and Urban Land and Building Tax regime through a progressive surcharge mechanism that remains consistent with the framework of fiscal decentralization under Law Number 1 of 2022 on Financial Relations between the Central Government and Regional Governments.

The original contribution of this study lies in the normative construction of Vacant Residential Tax regulation grounded in the social function principle of land rights and designed as a supplementary instrument within Indonesia's regional tax system. This study proposes a regulatory model that designates commercial residential dwellings left unoccupied for more than six months within a one-year period as the tax object, with a progressive rate of 1% in the first

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year, 2% in the second year, and a maximum of 3% in the third year of vacancy. This model is supported by a monitoring mechanism through the integration of utility data and a mandatory taxpayer declaration system, accompanied by the allocation of tax revenue to housing programs for low-income communities. Accordingly, this study not only fills the existing gap in scholarship concerning the relationship between the social function of land rights and housing tax policy, but also produces a legal formulation that may serve as a foundation for the development of Vacant Residential Tax policy in Indonesia.

Based on these findings, the study recommends that the government and legislators undertake the harmonization of regional tax policy through amendments to, or the addition of provisions within, Law Number 1 of 2022 and its implementing regulations, in order to provide a clear legal basis for the application of the Vacant Residential Tax. In addition, further research is needed to empirically examine the economic, fiscal, and tax administration aspects of this policy, in order to measure the effectiveness of the tax rates, the monitoring mechanisms, and their impact on the housing market and regional revenue, prior to the policy's nationwide implementation.

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