

NOT JUST A
LAW FIRM



WHAT SHOULD YOU KNOW BEFORE PURCHASING LAND?

LAND PURCHASE

Based on Article 37 (1) Government Regulation No. 24 of 1997 on Land Registration lastly amended by Government Regulation No. 18 of 2021 on Management Rights, Land Rights, Apartment Units, and Land Registration,

Transfers of rights to lands and ownership rights to multi-story housing units through sale and purchase, exchanges, grants, entry into companies, and other legal acts of transfer of rights, with the exception of transfers of rights through auctions may only be registered if proven by a deed made by the authorized Land Deed Official (PPAT) in accordance with the provisions of applicable laws and regulations.

To be legally binding, a land purchase must be formalized through a Sale and Purchase Deed, executed before an authorized PPAT. This deed serves as the legal foundation for registering the transfer of ownership at the National Land Agency.

Based on Article 94 Regulation of the Minister of State for Agrarian Affairs/Head of the National Land Agency No. 3 of 1997 on Provisions for the Implementation of Government Regulation Number 24 of 1997 on Land Registration lastly amended by Regulation of the Minister of State for Agrarian Affairs/Head of the National Land Agency No. 16 of 2021,

The registration of a land purchase with the National Land Agency is a crucial step to ensure the legal certainty and protection of land ownership rights.

LAND PURCHASE

Even though a Sale and Purchase Agreement made before an authorized PPAT is legally valid, ownership is not officially recognized until it is registered with the National Land Agency. This registration changes the land certificate to show the buyer's name as the new owner. Without this step, the buyer could still face legal risks—because the previous owner may still be listed as the legal holder of the land. That's why registering the transaction at National Land Agency is not just a formality—it's essential to ensure full legal ownership and mitigate the risk of future disputes especially regarding ownership of land.

Before submitting the registration to the National Land Agency, several supporting documents in addition to the Sale and Purchase Deed must be provided, such as:

- Certificate of Ownership
- Notification of Tax Payable on Land and Building Tax
- Proof of Land and Building Tax Payment
- Identification documents of both the seller and the buyer



LAND PURCHASE

Article 1576 of the Civil Code states that, when the leased goods are sold, the lease previously made is not terminated unless it was agreed at the time of leasing the goods.

Before purchasing land, it is important not only to check the ownership status and other legal documents but also to consider whether there is a tenant still occupying the building on the land. According to Article 1576 of the Indonesian Civil Code, when an immovable object (such as land or a building) is sold to a third party, the existing lease rights on that object remain valid and must be respected by the buyer. Based on this, the buyer cannot simply evict the tenant or cancel the lease agreement.

LEGAL DUE DILIGENCE

Legal Due Diligence (LDD) is a comprehensive legal assessment conducted on the land intended for purchase. Its primary purpose is to:

- Verify the validity of land rights (e.g., Freehold Title, Right to Build, Right to Use)
- Identify any existing legal issues, including disputes, mortgages, liens, or other encumbrances
- Verify the authenticity of the land certificate
- Ensure compliance with spatial planning and zoning regulations
- Review the history of ownership and past transactions to detect potential irregularities

Although not explicitly regulated in the law, LDD is a form of implementing the prudential principle

Failing to conduct LDD may lead to:

- Legal disputes with third parties claiming ownership or contesting boundaries
- Inability to register ownership
- Significant financial losses due to purchasing land with encumbrances, unresolved debts, or zoning violations

Without a comprehensive legal review, what initially appears to be a straightforward land transaction may ultimately evolve into a protracted and complex legal conflict.

Legal Due Diligence (LDD) provides critical legal certainty and safeguards your investment—well before you sign the Sale and Purchase Deed or commit any funds.



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We're here to support you with reliable legal **advice and services**.
Don't hesitate to reach out, **we're ready to help!**

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