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Indonesia Raises Crypto Taxes to 1% for Foreign Sellers, Reclassifies Digital Assets

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Indonesia's Ministry of Finance has announced significant changes to the taxation of cryptocurrency transactions, set to take effect on August 1. The revised tax framework increases the transaction tax for foreign sellers from 0.2% to 1% and makes smaller adjustments for domestic sellers. The move also redefines cryptocurrencies as financial assets rather than commodities, aligning them with broader financial market regulations.

Under the new policy, sellers using domestic exchanges will see their transaction tax rise slightly from 0.1% to 0.21%. While buyers will no longer be subject to value-added tax (VAT), the VAT on cryptocurrency mining activities will double from 1.1% to 2.2%. Officials say the changes are designed to enhance oversight of the rapidly growing sector while streamlining tax collection.

Indonesia is one of Southeast Asia's most active cryptocurrency markets, with over 20 million users and digital assets valued at more than 650 trillion rupiah (approximately \$39.67 billion). The decision to reclassify digital assets from commodities to financial assets reflects a shift in the government's regulatory approach, potentially bringing cryptocurrencies under the same framework as other investment products.

Binance-backed Tokocrypto, one of the country's largest exchanges, has expressed support for the reclassification, noting it could create a clearer regulatory structure. However, the company has also urged the government to consider fiscal incentives to encourage innovation and sustain growth in Indonesia's crypto industry.

The tax increase is expected to have the most impact on foreign sellers operating in Indonesia's digital asset market, who will face a fivefold rise in transaction taxes. Analysts suggest that while the higher rates could generate more government revenue, they may also influence trading volumes and the competitive landscape for exchanges.

This policy update comes amid growing global scrutiny of cryptocurrency taxation and regulation. Many countries are tightening tax rules on digital assets to prevent tax evasion, increase transparency, and ensure fair contribution to national revenues. Indonesia's approach appears to strike a balance between increasing fiscal oversight and maintaining a viable environment for legitimate market participants.

By implementing these changes, Indonesia signals its intent to formalize cryptocurrency within its broader financial ecosystem. The move could strengthen the country's regulatory credibility in the eyes of international investors, while also ensuring that the rapid growth of digital assets contributes more directly to the national economy.