

Indonesia

Transfer Pricing Country Profile

December 2021

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic legislation or regulation make reference to the Arm's Length Principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Article 18 para. 3 of Income Tax Law Number 36 Year 2008 (in Bahasa Indonesia) concerning the fourth amendment of Law Number 7 Year 1983) and Article 8 to 14 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)
2	What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?	<p>As a reference for formulating our transfer pricing policy and regulation and for dispute settlement.</p> <p>Minister of Finance Regulation Number 22/PMK.03/2020 directly refers to OECD/G20 BEPS Action Plan 14. The articles within the legislation use various points suggested by OECD TPG.</p>	Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)
3	Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The term “related parties” in the Income Tax Law (Law Number 36 Year 2008) means:</p> <p>a. a Taxpayer who owns directly or indirectly at least 25% of equity of other Taxpayers; a relationship between Taxpayer through ownership of at least 25% of equity of two or more Taxpayers, as well as relationship between two or more Taxpayers concerned;</p> <p>b. a Taxpayer who controls other Taxpayer or two or more Taxpayers that are directly or indirectly under the same control (through management or technology even though there is no ownership); or</p>	Article 18 para. 4 of Income Tax Law Number 36 Year 2008 (in Bahasa Indonesia) concerning the fourth amendment of Law Number 7 Year 1983) and Article 4 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)

	<p>c. a family relationship either through blood or through marriage within one degree of direct or indirect lineage.</p> <p>The term “related parties” in the Minister of Finance Regulation Number 22/PMK.03/2020 means a condition of dependence or attachment of one party with the other as caused by:</p> <ul style="list-style-type: none"> a. ownership or participation of capital; b. control; or c. familial relationship by blood relatives or marriage. <p>Related party relationship by ownership or participation of capital in the Minister of Finance Regulation Number 22/PMK.03/2020 is deemed to exist in the case of:</p> <ul style="list-style-type: none"> a. Taxpayers owning at least 25% (twenty-five percent) direct or indirect capital participation on the other Taxpayers; or b. the relationship between the Taxpayer with at least 25% (twenty five percent) capital participation in 2 (two) Taxpayers or more; or the relationship between the 2 (two) or more Taxpayers as lastly mentioned. <p>Related party relationship by control in the Minister of Finance Regulation Number 22/PMK.03/2020 is deemed to exist in the case of:</p> <ul style="list-style-type: none"> a. one party controls the other, or one party is controlled by the other, either directly and/or indirectly; b. two or more parties are under the control of the same party, either directly and/or indirectly; c. there exist the same person or persons directly and/or indirectly involved or participated in the managerial or operational decisions of two or more parties; d. the parties are commercially or financially known to or declaring themselves as belonging to the same business group; or e. one party declares itself in a related party relationship with the other. 	
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Transfer Pricing Methods

4	<p>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>CUP</th> <th>Resale Price</th> <th>Cost Plus</th> <th>TNMM</th> <th>Profit Split</th> <th>Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </tbody> </table> <p>Indonesia's domestic legislation also allows the use of other methods such as: comparable uncontrolled transaction method, tangible and intangible asset valuation method, and business valuation method.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Article 18 para. 3 of Income Tax Law Number 36 Year 2008 (in Bahasa Indonesia) concerning the fourth amendment of Law Number 7 Year 1983) and Article 13 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p> <p>For "other methods", see Article 13 para. 8-10 of the Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										
5	<p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>Transfer pricing method is selected based on the appropriateness and the reliability of the methods, which is assessed by:</p> <p>a. the appropriateness of the Transfer Pricing Methods considered in view of the nature of the Controlled Transaction and the business characteristics of enterprises therein;</p> <p>b. the respective strengths and the weaknesses of recognized methods;</p> <p>c. the availability of reliable comparable Uncontrolled Transactions;</p> <p>d. the degree of comparability between the Controlled Transactions and comparable Uncontrolled Transactions;</p> <p>e. the reliability of comparability adjustment that may be made in the event of material differences between the Controlled Transactions and comparable Uncontrolled Transactions.</p> <p>However, if traditional transaction method and transactional profit method can be applied in an equally reliable manner, the traditional transaction method is</p>	<p>Article 13 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>												

		preferred to the transactional profit method. Moreover, where the comparable uncontrolled price method (CUP) and other transfer pricing methods can be applied in an equally reliable manner, the CUP method is to be preferred.	
6	If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.	<input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed. <input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>) <input checked="" type="checkbox"/> Other (<i>if so, please explain</i>)	Article 13 para (3) of Minister of Finance Regulation Number 22/PMK.03/2020 and Minister of Finance Regulation Number 213/PMK.03/2016 (in Bahasa Indonesia)
		In Article 13 para. 3 of the Minister of Finance Regulation Number 22/PMK.03/2020, the CUP method is deemed appropriate for related party transaction involving commodity. Moreover, the Minister of Finance Regulation Number 213/PMK.03/2016 requires taxpayer to submit information about type of product, quality, volume/quantity, and price if taxpayer engages in related party transaction involving commodity.	
Comparability Analysis			
7	Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The economically relevant characteristics for determining arm's length price are: a. the contractual terms, whether written or unwritten; b. the function performed, assets used, and risks assumed by each of the parties to the transaction; c. the characteristics of products (goods or services); d. the economic circumstances; and e. the business strategies pursued by the parties. Comparability analysis is carried out through the following stages: a. understand the characteristics of the Transaction Affected by Special Relationship being tested based on the results of identification of commercial and / or financial relationships between the Taxpayer and Affiliated Parties and determine the business characteristics of each party that conduct the transaction;	Article 10 para. 1 and 12 para. 3 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)

		<p>b. identify the existence of any Independent Transaction that is a reliable candidate for comparability;</p> <p>c. determine the party whose transfer price indicator is tested in terms of the method used in a profit-based method according to the Transfer Pricing Method;</p> <p>d. identify the difference in condition between the Transaction Affected by the Special Relationship being tested and the potential comparable;</p> <p>e. conduct an appropriate accurate adjustment of the candidate of comparable(s) to eliminate the material impact of the difference in condition as referred to letter d on the transfer price indicator; and</p> <p>f. determine the Independent Transaction(s) which is selected as comparable.</p>	
8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>In the case there is more than one external comparable available with the same level of comparability and reliability, the external comparable(s) from the same country or jurisdiction of the tested party is to be preferred.</p> <p>In practice, however, comparables from the same region as the tested party are often used.</p>	<p>Article 12 para. 9 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>
9	<p>Does your tax administration use secret comparables for transfer pricing assessment purposes?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>In existing regulation, there is no explicit restriction to the use of secret comparables. However, in practice, secret comparables are never used in the audit, litigation, or dispute settlement.</p>	
10	<p>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Transfer Price indicator value may be in the form of arm's length point or arm's length range. Arm's length point is a price indicator point formed from one comparable or more than one comparables that have the same price/profit level indicator value.</p> <p>Arm's length range is formed from two or more comparables that have different price indicator values, either in the form of:</p>	<p>Article 8 para. 5 to 8 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>

		<p>a. Minimum to maximum value (full range), in the case of only two comparables; or</p> <p>b. Interquartile range (Q1-Q3), in the case of three or more comparables.</p>	
11	<p>Are comparability adjustments required under your domestic legislation or regulations?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, if there is a difference between uncontrolled transactions and the controlled transaction being tested, an appropriate adjustment of the candidate of comparable(s) to eliminate the material impact of the difference in condition to the price is a required step in the comparability analysis.</p>	<p>Article 12 para. 1 and 3 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>
Intangible Property			
12	<p>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Comparable uncontrolled transaction method and tangible asset and intangible asset valuation are the appropriate methods for transactions involving intangibles such as royalty or transfer of intangible asset.</p> <p>For special transactions involving intangible, proofs should be submitted regarding:</p> <p>a. the existence of intangible assets economically and legally;</p> <p>b. types of intangible assets;</p> <p>c. value of intangible assets;</p> <p>d. parties who legally owns the intangible assets;</p> <p>e. parties who economically owns the intangible assets;</p> <p>f. the explanation on use or right to use intangible property;</p> <p>g. parties who contribute and carry out development, enhancement, maintenance, protection and exploitation activities of intangible assets; and</p> <p>h. economic benefits obtained by the use of intangible assets.</p>	<p>Article 12 para. 8-9 and 14 para 4 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>

13	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Indonesia does not have any provisions concerning HTVI at the moment. However, Indonesia uses the OECD TPG in practice when resolving tax disputes, including articles on HTVI if such transaction causes tax dispute. In addition, Article 14 para. 4 of the Minister of Finance Regulation Number 22/PMK.03/2020 mentions the guidance to determine the existence of transactions concerning intangibles to further determine the arm's length price.	Article 14 para. 4 of the Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Intra-Group Services			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No For special transactions involving intra-group service, proofs should be submitted that the service: <ul style="list-style-type: none"> a. has actually been delivered by the service provider and received by the service recipient; b. is required by the service recipient; c. provides economic benefits to service recipients; d. is not an activity for the benefit of shareholders; e. is not an activity that provides benefits to a party solely because the party is part of a business group (passive association); f. is not a duplication of activities that have been carried out by the Taxpayers themselves; g. is not a service that provides incidental benefits; and h. in the case of on call services, it is not a service that can be obtained immediately from an independent party without an existing "on call" contract. 	Article 14 para 3 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)

16	<p>Do you have any simplified approach for low value-adding intra-group services?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>In practice, Indonesia encounters low value-adding services (LVAS) transactions in resolving international tax dispute cases and refers to the OECD TPG in the analysis. However, the regulation regarding LVAS is yet to be established.</p>	
17	<p>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
Financial Transactions			
18	<p>[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>For special transaction involving loan or borrowing cost, proofs should be submitted that the loan:</p> <p>a. form is in accordance with the substance and actual condition;</p> <p>b. is required by the borrower;</p> <p>c. is used to obtain, maintain, and collect income in accordance with income tax law;</p> <p>d. meets the characteristic of loan, including:</p> <ol style="list-style-type: none"> 1. the creditor(s) recognize the loan economically and legally; 2. the existence of maturity date of the loan; 3. the existence of obligation to repay the loan principal; 4. there is payment(s) according to the payment schedule that has been set both for the principal loan and the yield; 5. when such loan is obtained, the borrower has the ability to: <ol style="list-style-type: none"> a) get the loan from an independent creditor; and b) repay the loan principal and loan yield as an independent debtor do; 	<p>Article 14 para. 5 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p> <p>Article 10 para. 1 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>

		<p>6. based on a covenant made in accordance with applicable laws and regulations;</p> <p>7. the existence legal ramification if the borrower fails to return the loan principal and / or the return; and</p> <p>8. the existence of right to claim for lenders as an independent creditor has; and</p> <p>e. provides economic benefits to the loan recipient.</p> <p>Beside the current provisions as stated, Indonesia tax authority has considered the economically relevant characteristics of actual financial transactions (OECD TPG new Chapter X) by analysing the contractual terms, functional analysis, the characteristics of financial instruments, the economic circumstances, and business strategy. These aspects are mentioned in the stated article as well as Article 10 para. 1 of Minister of Finance Regulation Number 22/PMK.03/2020.</p>	
19	<p>[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The Director-General of Taxes is also authorized to characterize debt as equity. This re-characterization may be made by comparing the ratio of the company's liabilities to the company's equity of independent parties or based on other data. As a result, interest paid with respect to that debt is not deductible and in the hands of shareholders, the payment is considered as a dividend which is subject to tax.</p> <p>Indonesia currently has a Minister of Finance Regulation Number 169/PMK.10/2015 concerning Determination of Amount of Debt-to-Equity Ration of Company for the Purpose of Income Tax Calculation, that has been the guidance for thin capitalisation since 2015.</p> <p>After the enactment of Tax Law Number 7 Year 2021 concening Harmonization of Tax Regulations, Indonesia committed to shift the approach from thin capitalisation to earning stripping according to BEPS Action Plan 4 (using net interest/EBITDA). Indonesia is working on this in the meantime.</p>	

Cost Contribution Agreements			
20	<p>Does your jurisdiction have legislation or regulations on cost contribution agreements?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Indonesia follows the guidance provided in OECD Transfer Pricing Guidelines, as mentioned in the Domestic Tax Regulation Article 17A of Director General Regulation Number 32 of 201.</p> <p>For special transactions involving CCA, proofs should be submitted that the CCA:</p> <p>a. is entered into similar with the agreement between independent parties;</p> <p>b. is required by the parties making the arrangement; and</p> <p>c. provides economic benefits to the party making the arrangement.</p>	<p>Article 14 para. 7 of Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)</p>
Transfer Pricing Documentation			
21	<p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p> <p><input type="checkbox"/> Other (specify):</p> <p>Included as annexes to the tax return are the Special Attachment 3A or 3B as well as the TP Documentation Summary.</p>	<p>Minister of Finance Regulation Number 213/PMK.03/2016 (in Bahasa Indonesia)</p>
22	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e.</p>	<p>Timing for availability:</p> <p>a. Masterfile and local file: 4 months after the fiscal year ended;</p> <p>b. CbCR: 12 months after fiscal year ended.</p>	<p>Article 4 and 7 of Minister of Finance Regulation Number 213/PMK.03/2016 (in Bahasa Indonesia)</p>

	<p>timing for preparation or submission, languages, etc.)</p>	<p>Timing for submission:</p> <p>a. Masterfile and local file: on request by Directorate General of Taxes (DGT);</p> <p>b. CbCR: together with the submission of subsequent year's tax return and taxpayer is obliged to submit CbCR and its notification electronically, at the latest, 12 months after the fiscal year ended.</p> <p>Indonesia has fully adopted the guidance of the OECD Transfer Pricing Guidelines into the Domestic Tax Regulation.</p> <p>Transfer Pricing Documentation must be made in the Indonesian language, unless a permission has been obtained from the Minister of Finance to make it in the foreign language.</p>	
23	<p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Indonesia has penalties on failure of submitting or late to submitting the CbCR on time. The Penalties are:</p> <p>1. The Annual Tax Return is considered incomplete (so the Annual Tax Return is considered not being submitted in accordance with Article 3 paragraph (7) of the General Provisions and Tax Procedures Law). The penalty for not submitting the annual corporate income tax return is IDR 1 000 000 Article 7 paragraph (1) of the General Provisions and Tax Procedures Law.</p> <p>If a written warning has been issued, further inspection will be carried out. If the result of the examination results in a transfer pricing correction, an Underpaid Tax Assessment Letter Article 13 paragraph (1) letter b will be issued with a penalty in the form of an increase of 50% Article 13 paragraph (1) jo. Article 13 paragraph (3) of the General Provisions and Tax Procedures Law.</p>	<p>Article 13 of Minister of Finance Regulation Number 213/PMK.03/2016 (in Bahasa Indonesia)</p>
24	<p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p>	<p>A taxpayer who meets the following criteria is exempt from transfer pricing documentation obligation:</p> <p>a. annual gross turnover in the preceding taxable year no more than IDR 50 billion;</p> <p>b. annual value of related party transaction in the preceding taxable year:</p> <p>1. no more than IDR 20 billion for tangible goods transaction; or</p> <p>2. no more than IDR 5 billion for each of service provision, interest payment, utilization of intangible goods, or any other related party transactions; or</p>	<p>Article 2 para. 2 of Minister of Finance Regulation Number 213/PMK.03/2016 (in Bahasa Indonesia)</p>

		<p>c. have no related party transaction in a country or jurisdiction with income tax rate lower than the income tax rate as referred to in Article 17 of Income Tax Law.</p> <p>For Income Tax Rates as stated in the Income Tax Law, the tariffs has been changed in to the new rates in the Tax Harmonization Law Number 7 of 2021. The rates are mentioned in Article 17 point 1 Tax Harmonization Law Number 7 of 2021:</p> <p>a. Domestic individual taxpayers as follows:</p> <ol style="list-style-type: none"> 1. up to IDR 60 000 000 (sixty million rupiahs) 5% (five percent) 2. above IDR 60 000 000 (sixty million rupiahs) up to IDR 250 000 000 (two hundred and fifty million rupiah) 15% (fifteen percent) 3. above IDR 250 000 000 (two hundred and fifty million rupiah) up to IDR 500 000 000 (five hundred million rupiah) 25% (twenty five percent) 4. above IDR 500 000 000 (five hundred million rupiah) up to IDR 5 000 000 000 (five billion rupiah) 30% (thirty percent) above IDR 5 000 000 000 (five billion rupiah) 35% (thirty five percent) <p>b. Domestic corporate taxpayers and permanent establishments: 22% (twenty two percent) which will come into effect in the fiscal year 2022.</p> <p>The current APA regulation no longer requires a taxpayer to submit a separate Annual Compliance Report, but it requires taxpayers to prove their APA compliance through TP documentation. Therefore, a taxpayer that has an APA agreement with DGT is no longer exempt from transfer pricing documentation for the specific transaction that is covered in the APA.</p>	
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Administrative Approaches to Avoiding and Resolving Disputes

25	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p>	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p>	<p>Indonesia's MAP Profile</p> <p>Indonesia APA and MAP guidance</p>
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		<p><input checked="" type="checkbox"/> Other (<i>please specify</i>): Objection and Appeal</p> <p>Unilateral and Bilateral APA are allowed under domestic law, both for the maximum of 5 years of covered period (can be extended via renewal).</p> <p>Roll-back is allowed, insofar as:</p> <ul style="list-style-type: none"> a. the facts and conditions of the related party transaction does not differ materially from the facts and conditions of the related party in the APA; b. the statute of limitation transaction agreed for tax assessment has not been surpassed c. no Notice of Corporate Income Tax Assessment has been issued; and d. no tax crime investigation is being conducted or tax crime punishment is being served. <p>Guidance for MAP and APA could be accessed through the guidance on the website.</p> <p>Objection and Appeal are Domestic Tax Remedies that can be obtained by the Taxpayer who feels dissatisfied with a tax assessment imposed on him or on a lawsuit by a third party. In this case, the Taxpayer can apply objection and Appeal to the Director General of Taxes through the Tax Service Office where the relevant Taxpayer is registered. It is stated on Article 25, Article 26 and Article 26A of the General Tax Provisions and Procedures Law.</p> <p>Indonesian Taxpayers can apply for MAP/APA together with the submission of objections or appeals so that domestic remedies and international remedies can take place simultaneously.</p>	
Safe Harbours and Other Simplification Measures			
26	Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
27	Does your jurisdiction have any other simplification measures not listed in this	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

	questionnaire? If so, please provide a brief explanation.		
Other Legislative Aspects or Administrative Procedures			
28	Does your jurisdiction allow/require taxpayers to make year-end adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Taxpayers are allowed to make year-end adjustments based on the self-assessment system.	Article 4 of Law Number 28 Year 2007 on the General Provision and Tax Procedure Law
29	Does your jurisdiction make secondary adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The difference between the value of the Related Party Transaction which is not in accordance with the Arm's Length Principle shall be deemed as dividend which is taxed in accordance with the provisions of the legislation on income taxation.	Article 18 para. 3 of Income Tax Law Number 36 Year 2008 (in Bahasa Indonesia) concerning the fourth amendment of Law Number 7 Year 1983) and Article 22 para. 8 of Minister of Finance Regulation Number 22/PMK.03/2020
Attribution of Profits to Permanent Establishments			
30	[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Indonesia does not follow AOA for PE profit attribution in all of its 67 tax treaties. Indonesia implements three methods in the attribution of profit to Permanent Establishment as stated in the Income Tax Law Article 5 paragraph 1 and in the Indonesian Tax Treaties: 1. The principle of Attribution Income is that the income from the business or activity of the permanent establishment is from assets owned or controlled; 2. The principle of force of attraction income is that the tax object on Permanent Establishment also includes head office profits from the sale of goods or other transactions that has the same type as those carried out by the Permanent Establishment in the source country; 3. The principle of effectively connected income, income received or earned by the head office, as long as there is an effective relationship between the permanent establishment and the assets or activities that provide the said income.	Tax treaties signed by Indonesia

31	[NEW] Does your jurisdiction follow also another approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Other Relevant Information			
32	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
33	Other relevant information (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i>)	Minister of Finance Regulation Number 22/PMK.03/2020 is the latest transfer pricing regulation formulated in accordance with BEPS Action Plan 8-10, the OECD Transfer Pricing Guidelines, Revised Guidelines on Profit Split, and Guidance on Financial Transaction.	Minister of Finance Regulation Number 22/PMK.03/2020 (in unofficial English translation)

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>