

Indonesia

1. Indonesia was first reviewed during the 2017/2018 peer review. This report is supplementary to Indonesia's 2017/2018 peer review report (OECD, 2018^[1]). The first filing obligation for a CbC report in Indonesia commences in respect of periods commencing on or after 1 January 2016.

Summary of key findings

2. Indonesia's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[2]).

Part A: The domestic legal and administrative framework

3. Indonesia has primary and secondary laws in place¹ for implementing the BEPS Action 13 minimum standard, establishing the necessary requirements, including the filing and reporting obligations. Guidance has been published on 29 December 2017.²

(a) Parent entity filing obligation

4. No changes were identified with respect to the parent entity filing obligation.³

(b) Scope and timing of parent entity filing

5. Indonesia's 2017/2018 peer review included a monitoring point in relation to the ability of Indonesia to exchange CbC reports related to Fiscal Year 2016 according to the agreed deadlines in 2018 because of the late filing deadline set for MNEs in 2016 only.⁴ Indonesia reports that the filing deadline did not affect its ability to exchange CbC reports in a timely manner. This monitoring point is now removed.

6. Indonesia's 2017/2018 peer review also included a monitoring point in relation to the expected publication of the instructions to file a CbC report in XML format with reference to the OECD XML template (which would notably include the requirement to report the tax jurisdiction of organisation if different from the tax jurisdiction of residence for the Constituent Entities of the MNE Group). Indonesia reports that it has published detailed guidance on filing CbCR in XML format with reference to OECD guidance. This monitoring point is now removed.⁵

7. No other changes were identified with respect to the scope and timing of parent entity filing.

(c) Limitation on local filing obligation

8. No changes were identified with respect to the local filing obligation.⁶

(d) Limitation on local filing in case of surrogate filing

9. No changes were identified with respect to the limitation on local filing in case of surrogate filing.⁷

(e) Effective implementation

10. No changes were identified with respect to the effective implementation.⁸

Conclusion

11. There is no change to the conclusion in relation to the domestic legal and administration framework for Indonesia since the previous peer review. Indonesia meets all the terms of reference relating to the domestic legal and administrative framework.

Part B: The exchange of information framework*(a) Exchange of information framework*

12. As of 31 May 2019, Indonesia has 65 bilateral relationships, including those activated under the CbC MCAA and under bilateral CAAs. Within the context of its international exchange of information agreements that allow automatic exchange of information, Indonesia has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.⁹ Regarding Indonesia's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

13. Indonesia has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes.

(c) Completeness of exchanges

14. Indonesia has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes.

(d) Timeliness of exchanges

15. Indonesia has processes in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference. It has provided details in relation to these processes.

(e) Temporary suspension of exchange or termination of QCAA

16. **Indonesia has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA.** It has provided details in relation to those processes.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

17. Indonesia has processes in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes.

(g) Format for information exchange

18. Indonesia confirms that it uses the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports.

(h) Method for transmission

19. Indonesia indicates that it uses the Common Transmission System to exchange CbC reports.

Conclusion

20. Indonesia has in place the necessary processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. Indonesia meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

21. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

Conclusion

22. Indonesia meets all the terms of reference relating to the appropriate use of CbC reports.

Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

Notes

¹ Primary law consists of Article 28 paragraphs 11 and Article 48 Law Number 6 Year 1983 concerning General Provisions and Tax Procedures as lastly amended by Law Number 16 Year 2009: these provisions stipulate the obligation to retain documents for 10 years, including transfer pricing documentation and CbC report. Secondary law consists of Article 10 paragraph 3 Government Regulation Number 74 Year 2010 which gives mandate to Minister of Finance to regulate the procedures to retain documents, including transfer pricing documentation and CbC report. See also Ministry of Finance Regulation Number 213/PMK.03/2016, signed and enacted on 30 December 2016 which obliges taxpayer to prepare and retain the three-tiered transfer pricing documentation.

² It is noted that Article 12 of the Ministry of Finance Regulation number 213/PMK.03/2016 gives mandate to Director General of Taxes to circulate guidance on CbC report. A Directorate General of Taxes Regulation nb.29/PJ/2017 was published on 29 December 2017.

³ Indonesia's 2017/2018 peer review included monitoring points (relating to the "deemed listing provision" and the definition of a "Constituent Entity"). These monitoring points remain in place.

⁴ This was because of the filing deadline of CbC reports relating to Fiscal Year 2016: CbC reports were to be filed not later than 16 months after the end of the Fiscal Year 2016.

⁵ Indonesia's guidance has been published in <http://pajak.go.id/cbcr> in April 2018 and will be updated if there are any changes. Indonesia also performed dissemination to selected taxpayers which expected to file CbCR by 30 April 2018.

⁶ Indonesia's 2017/2018 peer review included a monitoring point in relation to the local filing in case of "systemic failure". This monitoring point remains in place.

⁷ Indonesia's 2017/2018 peer review included a monitoring point in relation to one of the conditions to deactivate the local filing obligation in case of surrogate filing. This monitoring point remains in place.

⁸ Indonesia's 2017/2018 peer review included a general monitoring point relating to a specific process to that would allow to take appropriate measures in case Indonesia is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. This monitoring point remains in place.

⁹ No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



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