



Tax Disputes Resolution & Prevention:

Case Study of Indonesia

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Indonesia: Economic and Tax Outlooks



Economic outlook 2017

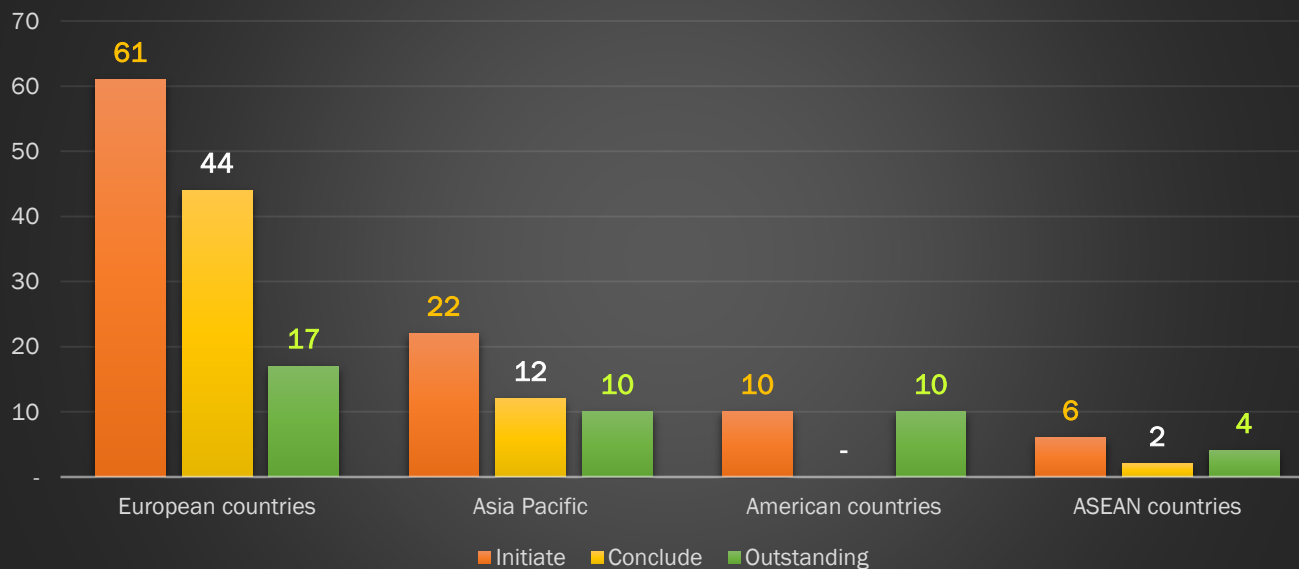
- population: **256** million;
- GDP: IDR **13,589** trillion;
- economic growth **5.07%**;
- export: USD **169** billion;
- import: USD **157** billion;
- status: **investment grade**.



Tax administration outlook 2017

- registered taxpayers: **36** million;
- tax officers: **38** thousand;
- tax ratio: **10.5%**;
- compliance rate: **73%** in average;
- tax revenue target: IDR **1,385** trillion;
- TP transactions: IDR **7,743** trillion (2014)

MAP Statistic Indonesia per 31 Dec 2017



MAP Statistic 2017 (exclude BAPA)

- total MAP request: **99** cases
- total MAP concluded: **58** cases
- total MAP inventory: **41** cases
- most MAP cases are **attribution/allocation** cases;
- average settlement time (cases before 2016):
 - Attribution/allocation: **39.10** months;
 - Other cases: **31.36** months;
- average settlement time (cases after 2016):
 - Attribution/allocation: **11.6** months;
 - Other cases: **9.37** months;

MAP: Future Development



Minimum Standards BEPS Action 14

- Ensure that treaty obligations related to the MAP are fully implemented in **good faith** and that MAP cases are resolved in a **timely manner**
- Ensure the implementation of administrative processes that **promote** the prevention and **timely resolution** of treaty-related disputes
- Ensure that taxpayers can **access** the MAP when eligible

Key Reform Agendas

Amending Domestic Law to Promote Timely Resolution of MAP Case:

- **Access to MAP:** to cover transfer pricing and anti-avoidance case;
- MAP request: **maximum 3 years** since first notification (for DTAs with treaty partners not specifically set the time limit);
- MAP settlement: **24 months**;
- Introduction of **rollback** clause for BAPA request;
- Publication of MAP **statistic** in DGT's online website.

International Programs:

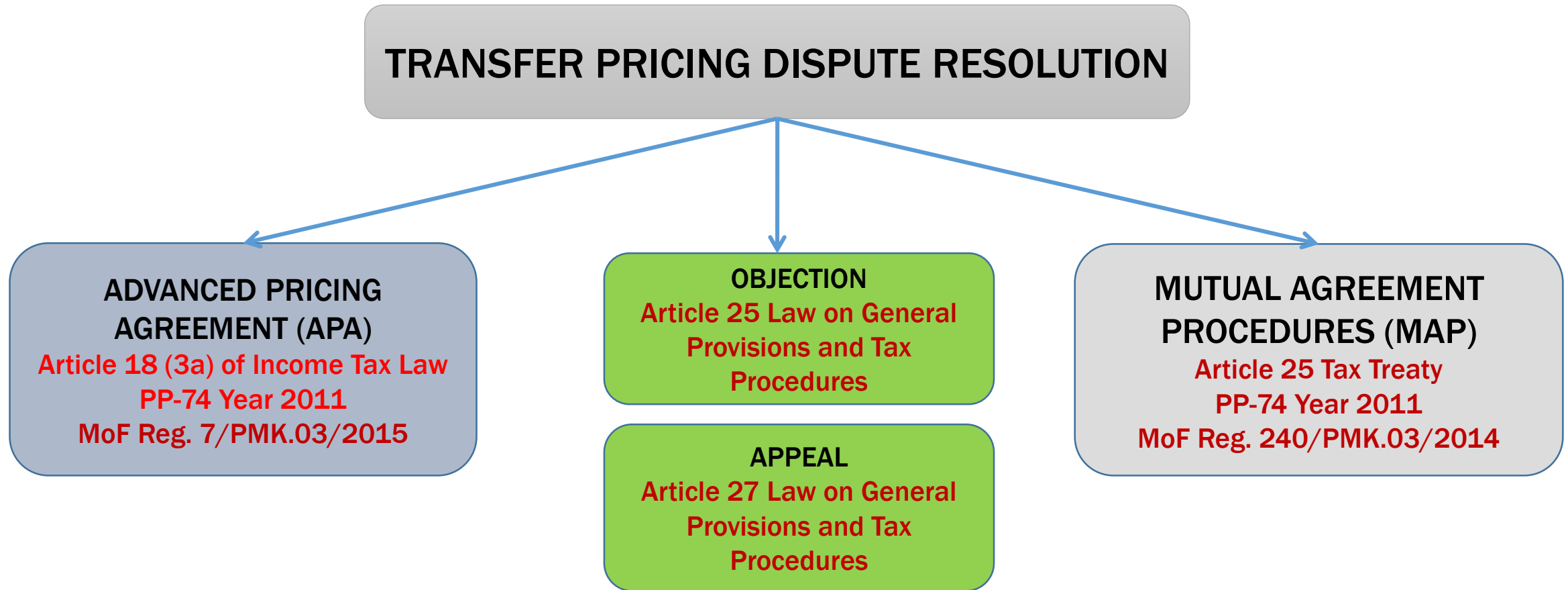
- Actively involve in Forum on Tax Administration (**FTA**) meeting;
- Actively involve in international tax trainings;
- MAP peer review minimum standards.



WE are committed for more effective and more efficient dispute resolution mechanism

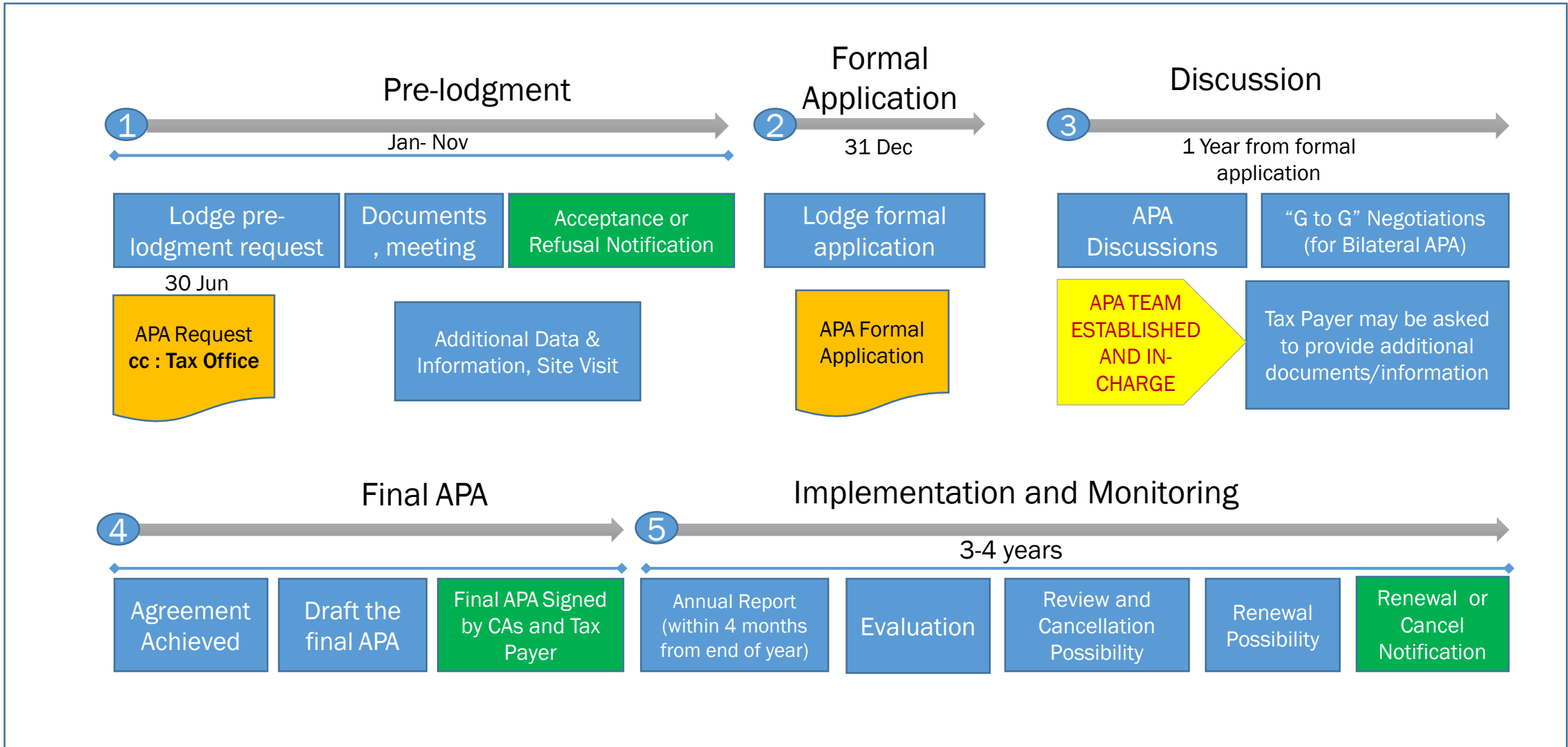


Transfer Pricing Dispute Resolution in Indonesia



- ❑ Advance Pricing Agreement is an option for taxpayers resolving transfer pricing before undertaking transactions
- ❑ Objection and Mutual Agreement Procedure (MAP) can be undertaken by taxpayers simultaneously (PP-74 Tahun 2011)

APA Procedures in Indonesia





THANK YOU