

Type: REGULATION (PER)
By: THE DIRECTOR GENERAL OF TAXATION (DIRGENTAX)
Number: PER-25/PJ/2017
Date: NOVEMBER 28, 2017 (JAKARTA)
Title: THE IMPLEMENTATION OF THE DETERMINATION OF THE AMOUNT OF DEBT TO EQUITY RATIO FOR THE CALCULATION OF INCOME TAX AND PROCEDURES FOR THE REPORTING OF PRIVATE OFFSHORE DEBTS

THE DIRECTOR GENERAL OF TAXATION,

Considering: in the context of implementing the provisions of Article 5 paragraph (3) and Article 8 of Regulation of the Minister of Finance Number 169/PMK.010/2015 regarding the Determination of the Amount of Debt to Equity Ratio for the Calculation of Income Tax, it is necessary to stipulate Regulation of the Director General of Taxation regarding the Implementation of the Determination of the Amount of Debt to Equity Ratio for the Calculation of Income Tax and Procedures for the Reporting of Private Offshore Debts;

In View of: Regulation of the Minister of Finance Number [169/PMK.010/2015](#) regarding the Determination of the Amount of Debt to Equity Ratio for the Calculation of Income Tax (Official Gazette of the Republic of Indonesia Year 2015 Number 1351);

HAS DECIDED:

To Stipulate: REGULATION OF THE DIRECTOR GENERAL OF TAXATION REGARDING THE IMPLEMENTATION OF THE DETERMINATION OF THE AMOUNT OF DEBT TO EQUITY RATIO FOR THE CALCULATION OF INCOME TAX AND PROCEDURES FOR THE REPORTING OF PRIVATE OFFSHORE DEBTS.

Article 1

In this Regulation of the Director General, referred to as:

1. PPh Law shall be Law Number 7 Year 1983 regarding Income Tax as amended several times most recently by Law Number 36 Year 2008.
2. Debt To Equity Ratio shall be debt to equity ratio as intended in Regulation of the Minister of Finance Number 169/PMK.010/2015.
3. Special Relation shall be the special relation as stipulated in Article 18 paragraph (4) of the PPh Law.

4. Arm's length principles shall be arm's length principles as intended in Article 18 paragraph (3) of the PPh Law.

Article 2

- (1) For the calculation of Income Tax for corporate Taxpayer established or domiciled in Indonesia the equity of which is divided into shares, the amount of Taxpayer-borne costs of borrowing which are deductible from gross income in calculating taxable income shall be calculated based on Debt To Equity Ratio.
- (2) Taxpayer-borne Costs of borrowing as intended in paragraph (1) shall cover:
 - a. loan interest;
 - b. discount and premium related to loan;
 - c. additional costs arising out related to the arrangement of borrowings;
 - d. financial burden in lease of financing;
 - e. cost of reward for loan repayment guaranty; and
 - f. difference of exchange rate originating from adjustment to costs of borrowing as intended in sub-paragraphs a, b, c, d, and e, in the event that costs of borrowing are in foreign currency.
- (3) The highest Debt To Equity Ratio as intended in paragraph (1) shall be amounting to four to one (4 : 1).
- (4) In the event that the amount of Debt To Equity Ratio of Taxpayer exceeds the amount of ratio as intended in paragraph (3), costs of borrowing that can be calculated in calculating taxable income shall be amounting to costs of borrowing in accordance with Debt To Equity Ratio as intended in paragraph (3).
- (5) The amount of costs of borrowing that can be calculated in calculating taxable income in accordance with Debt To Equity Ratio as intended in paragraph (4) shall also be obligated to observe the provisions of Article 6 and Article 9 of PPh Law.
- (6) In the event that Taxpayer has debt to party having Special Relation, the amount of costs of borrowing that can be calculated in calculating taxable income, in addition to having to meet the provisions as intended in paragraph (4) must also meet level of costs of borrowing in accordance with Arm's length principles.
- (7) Costs of borrowing not meeting the provisions as intended in paragraph (6), shall be deemed as dividend for party who receives or earns it and shall be subject to tax as the costs of borrowing are paid or at the time of its maturity of payment.

Article 3

- (1) Costs of borrowing as intended in Article 2 paragraph (2) that cannot be calculated in calculating taxable income shall cover:

- a. difference of Taxpayer-borne costs of borrowing as intended in Article 2 paragraph (2) and costs of borrowing that can be calculated in calculating taxable income as intended in Article 2 paragraph (4);
 - b. difference of costs of borrowing of debt to party having Special Relation that can be calculated in calculating taxable income as intended in Article 2 paragraph (4) and costs of borrowing that meet Arm's length principles as intended in Article 2 paragraph (6);
 - c. costs of borrowing of debt used to procure, collect and maintain income not constituting tax object; and
 - d. costs of borrowing of debt used to procure, collect and maintain income subject to final tax.
- (2) In the event that costs of borrowing as intended in paragraph (1) are capitalized as acquisition price of assets, then depreciation of portion of assets constituting capitalization of the said costs of borrowing cannot be calculated in calculating taxable income.

Article 4

Examples of the determination of Debt To Equity Ratio, the calculation of the amount of deductible costs of borrowing, and the calculation of the amount of non-deductible costs of borrowing from gross income in calculating taxable income as intended in Article 2 and Article 3 shall be according to the examples as indicated in Attachment letter A constituting inseperable part of this Regulation of the Director General.

Article 5

- (1) Debt as intended in Article 2 paragraph (1) shall not cover:
- a. debt the truth of which cannot be proven; or
 - b. debt used to obtain income constituting non-tax object or subject to final tax.
- (2) Value of debt in the context of the calculation of the amount of Debt To Equity Ratio shall be calculated based on the average balance of debt in one Fiscal Year or Part of Fiscal Year.
- (3) The average balance of debt as intended in paragraph (2) shall be calculated based on average balance of debt at the end of every month in one Fiscal Year or Part of Fiscal Year based on Taxpayer-managed bookkeeping.
- (4) In the event that average balance of debt at the end of every month as intended in paragraph (3) cannot be known based on Taxpayer-managed bookkeeping, the average balance of debt shall be calculated based on document that can show position of debt at the end of every month.

Article 6

- (1) Value of equity in the context of the calculation of the amount of Debt To Equity Ratio shall be calculated based on the average balance of equity in one Fiscal Year or Part of Fiscal Year.
- (2) The average balance of equity as intended in paragraph (1) shall be calculated based on average balance of equity at the end of every month in one Fiscal Year or Part of Fiscal Year based on Taxpayer-managed bookkeeping.
- (3) In the event that average balance of equity at the end of every month as intended in paragraph (2) cannot be known based on Taxpayer-managed bookkeeping, the average balance of equity shall be calculated based on document that can show position of equity at the end of every month.
- (4) Equity as intended in paragraph (1) shall cover:
 - a. equity recorded in balance sheet of company in accordance with finance accounting standard applicable in Indonesia; and
 - b. non-interest bearing loan of the party having Special Relation.

Article 7

- (1) Corporate Taxpayer established or domiciled in Indonesia the equity of which is divided into shares having debt and deducting costs of borrowing in the calculation of taxable income shall be obligated to submit report on the calculation of the amount of Debt To Equity Ratio as attachment to Annual Income Tax Return of Corporate Taxpayer.
- (2) In the event that Corporate Taxpayer as intended in paragraph (1) has private offshore debts, Taxpayer shall also be obligated to submit report on private offshore debts as attachment to Annual Income Tax Return of Corporate Taxpayer.
- (3) Private offshore debts as intended in paragraph (2) shall not cover accounts payable not bearing interest.
- (4) The format of report on the calculation of the amount of Debt To Equity Ratio as intended in paragraph (1) as well as its filling out guidelines shall be as indicated in Attachment letter B constituting inseperable part of this Regulation of the Director General.
- (5) The format of report on private offshore debts as intended in paragraph (2) as well as its filling out guidelines shall be as indicated in Attachment letter C constituting inseperable part of this Regulation of the Director General.
- (6) In the event that Taxpayer does not implement the provisions as intended in paragraph (1) and/or does not use the format of report as intended in paragraph (4), Annual Income Tax Return of Corporate Taxpayer submitted shall be declared incomplete in accordance with the provisions of laws and regulations in the taxation sector.
- (7) In the event that Taxpayer does not implement the provisions as intended in paragraph (2) and/or does not use the format of report as intended in paragraph (5), Annual Income Tax Return of Corporate Taxpayer submitted shall be declared incomplete in accordance with the provisions of laws and

regulations in the taxation sector and costs of borrowing payable of the private offshore debts can not be deducted from gross income in calculating taxable income.

Article 8

- (1) The obligation to apply the provisions of the amount of Debt To Equity Ratio shall come into effect as from Fiscal Year 2016.
- (2) The obligation to submit report on the calculation of the amount of Debt To Equity Ratio and report on private offshore debts as intended in Article 7 paragraph (1) and paragraph (2) shall come into effect as from Fiscal Year 2017.

Article 9

This Regulation of the Director General of Taxation shall come into effect on the date of its stipulation.

Stipulated di Jakarta
on November 28, 2017
DIRECTOR GENERAL OF TAXATION,

signed

KEN DWIJUGIASTEADI
Civil Service Registration No. (NIP) 195711081984081001

Issued as a true copy
SECRETARY OF THE DIRECTORATE GENERAL OF TAXATION
on behalf of
HEAD OF ORGANIZATION AND MANAGEMENT DIVISION
Signed
ODING RIFALDI
Civil Service Registration No. (NIP) 197003111995031002

Note

ATTACHMENT
REGULATION OF THE DIRECTOR GENERAL OF
TAXATION
NUMBER PER-25/PJ/2017
REGARDING THE IMPLEMENTATION OF THE
DETERMINATION OF THE AMOUNT OF DEBT
TO EQUITY RATIO FOR THE CALCULATION OF
INCOME TAX AND PROCEDURES FOR THE
REPORTING OF PRIVATE OFFSHORE DEBTS

- A. EXAMPLE OF THE DETERMINATION OF DEBT TO EQUITY RATIO, THE CALCULATION OF THE AMOUNT OF DEDUCTIBLE COSTS OF BORROWING, AND THE CALCULATION OF THE AMOUNT OF COSTS OF

BORROWING NOT DEDUCTIBLE FROM GROSS INCOME IN CALCULATING TAXABLE INCOME

Example 1:

PT XXX is a company engaged in the manufacturing industry sector. Based on Financial Position Statement and Profit and Loss Statement submitted by PT XXX, the following matters are known:

1. Liabilities (in thousands Rupiah):

Liabilities	Position per December 31	
	Year 2016	Year 2015
a. Accounts Payable		
▪ bearing interest	810.000	800.000
▪ not bearing interest	700.000	600.000
b. Non-Interest Bearing Loan from XXX Ltd. (Party having Special Relation)	50.000	50.000
c. Short Term Debt:		
▪ debt to PT ABC (Party having Special Relation)	725.000	800.000
d. Long Term Debt:		
▪ debt to PT JKL	660.000	900.000
▪ debt to WWW Co., Ltd.	1.970.000	2.500.000
▪ debt to XXX Corp. (Party having Special Relation)	1.054.500	1.984.000

2. Equity (in thousands Rupiah):

Equity	Position per December 31	
	Year 2016	Year 2015
a. Capital Stock	150.000	150.000
b. Shares Agios	110.000	110.000
c. Retained Earnings	475.000	425.000

3. Gross income amounting to Rp20.000.000.000,00 (twenty billion rupiah).
4. Costs of borrowing borne amounting to Rp386.720.000,00 (three hundred eighty six million seven hundred twenty thousand rupiah) consist of:
 - a. costs of borrowing to PT ABC amounting to Rp96.000.000,00 (ninety six million rupiah);
 - b. costs of borrowing to PT JKL amounting to Rp20.660.000,00 (twenty million six hundred sixty thousand rupiah);
 - c. costs of borrowing to WWW Co., Ltd. amounting to Rp100.575.000,00 (one hundred million five hundred seventy five thousand rupiah);
 - d. costs of borrowing to XXX Corp. amounting to Rp158.720.000,00 (one hundred fifty eight million seven hundred twenty thousand rupiah); and
 - e. costs of borrowing for Accounts Payable (bearing interest) amounting to Rp10.765.000,00 (ten million seven hundred sixty five thousand rupiah).

Based on information available, the calculation of Debt To Equity Ratio (Debt to Equity Ratio/ DER) PT XXX for year 2016 is as follows:

The calculation of the average balance of debt:

The average balance of debt shall be calculated based on average balance of debt at the end of every month during Fiscal Year 2016 as follows:

Month	Balance of Month-End (in thousands Rupiah)					Total
	Accounts Payable (bearing interest)	Debt to PT ABC	Debt to PT JKL	Debt to WWW Co., Ltd.	Debt to XXX Corp.	
January	800.000	800.000	900.000	2.500.000	1.984.000	6.984.000
February	790.000	750.000	900.000	2.500.000	1.899.500	6.839.500
March	750.000	750.000	900.000	2.500.000	1.815.000	6.715.000
April	820.000	750.000	900.000	2.500.000	1.730.500	6.700.500
May	850.000	740.000	900.000	2.500.000	1.646.000	6.636.000
June	720.000	740.000	900.000	2.500.000	1.561.500	6.421.500
July	800.000	740.000	660.000	1.970.000	1.477.000	5.647.000
August	810.000	740.000	660.000	1.970.000	1.392.500	5.572.500
September	845.000	725.000	660.000	1.970.000	1.308.000	5.508.000
October	860.000	725.000	660.000	1.970.000	1.223.500	5.438.500
November	805.000	725.000	660.000	1.970.000	1.139.000	5.299.000
December	810.000	725.000	660.000	1.970.000	1.054.500	5.219.500
Average	805.000	742.500	780.000	2.235.000	1.519.250	6.081.750

The amount of the average balance of debt of PT XXX year 2016 = Rp6.081.750.000,00 (six billion eighty one million seven hundred fifty thousand rupiah).

The calculation of the average balance of equity:

The average balance of equity shall be calculated based on average balance of equity at the end of every month during Fiscal Year 2016 as follows:

Month	Balance of Month-End (in thousands Rupiah)				Total
	Capital Stock	Share Agios	Retained Earnings	Non-Interest Bearing Loan from XXX Ltd.	
January	150.000	110.000	425.000	50.000	735.000
February	150.000	110.000	425.000	50.000	735.000
March	150.000	110.000	575.000	50.000	885.000
April	150.000	110.000	300.000	50.000	610.000
May	150.000	110.000	300.000	70.000	630.000
June	150.000	110.000	600.000	70.000	930.000
July	150.000	110.000	400.000	70.000	730.000
August	150.000	110.000	400.000	30.000	690.000
September	150.000	110.000	700.000	30.000	990.000
October	150.000	110.000	400.000	30.000	690.000
November	150.000	110.000	400.000	50.000	710.000
December	150.000	110.000	475.000	50.000	785.000
Average	150.000	110.000	450.000	50.000	760.000

The amount of the average balance of equity of PT XXX year 2016 = Rp760.000.000,00 (seven hundred sixty million rupiah).

Based on the amount of the average balance of debt and the amount of the average balance of equity of PT XXX year 2016, then the amount of DER PT XXX year 2016 is:

$$\begin{aligned} \text{The amount of DER} &= \frac{\text{The amount of the average balance of debt}}{\text{the amount of the average balance of equity}} \\ &= \text{Rp6.081.750.000,00} : \text{Rp760.000.000,00} \\ &= 8 : 1 \text{ or (eight to one)} \end{aligned}$$

Then, the calculation of costs of borrowing that can be calculated in calculating taxable income based on Regulation of the Minister of Finance Number 169/PMK.010/2015 is as follows:

The amount of the highest DER allowed = 4 : 1 (four to one).

As the amount of DER PT XXX exceeds 4:1, then costs of borrowing that can be calculated in calculating taxable income = $4/8^a$ x costs of borrowing of each debt, with the following calculation:

Types of Debt	The Average Balance of Debt	Costs of Borrowing	Costs of Borrowing that can be Calculated in calculating Taxable Income ^b
Debt to PT ABC	742.500	96.000	48.000
Debt to PT J KL	780.000	20.660	10.330
Debt to WWW Co., Ltd.	2.235.000	100.575	50.288
Debt to XXX Corp.	1.519.250	158.720	79.360
Accounts Payable (bearing interest)	805.000	10.765	5.383
Total	6.081.750	386.720	193.360

^a 4/8 is coefficient number obtained from the following formula:
 = the highest DER allowed : DER of company
 = 4 : 1 (four to one) : 8 : 1 (eight to one)
 = 4/8

^b cost of borrowing that can be calculated in calculating taxable income is obtained by multiplying coefficient number (4/8) by each costs of borrowing.

Considering that debt to PT ABC constitutes debt to the party having a special relation, then costs of borrowing related to debt to PT ABC amounting to Rp48.000.000,00 (forty eight million rupiah) and to XXX Corp. amounting to Rp79.360.000,00 (seventy nine million three hundred sixty thousand rupiah) that can be calculated in calculating taxable income must also meet arm's length principles as intended in the provisions of Article 18 paragraph (3) of PPh Law.

Example of the application of arm's length principles for costs of borrowing related to debt to the party having a special relation is as follows:

If cost of borrowing of PT ABC amounting to Rp96.000.000,00 (ninety six million rupiah) constitutes loan interest with interest rate of 12% p.a. (twelve percent per year) and it is known that loan interest rate is proportional which is not influenced by a special relation amounting to 9% p.a. (nine percent per year) so that proper loan interest is of Rp72.000.000,00 (seventy two million rupiah),

then the calculation of cost of borrowing that can be calculated in calculating taxable income becomes as follows:

Type of Debt	The Average Balance of Debt	Costs of Borrowing	Non-deductible Costs of Borrowing (exceeding DER 4 : 1)	Non-deductible Costs of Borrowing (exceeding proper interest rate)	Costs of Borrowing that can be calculated in calculating taxable income
(1)	(2)	(3)	(4)	(5)	(6) = (3) - (4) - (5)
Debt to PT ABC	742.500	96.000	48.000 ^a	12.000 ^b	36.000

$$a \quad 96.000.000,00 \times [1 - (4/8)]$$

$$b \quad (96.000.000,00 - 48.000.000,00^a) \times \left(\frac{96.000.000,00 - 72.000.000,00}{96.000.000,00} \right)$$

Costs of borrowing of Rp12.000.000,00 (twelve million rupiah) in connection with debt to PT ABC which do not meet level of costs of borrowing in accordance with Arm's Length Principles are also not deductible from gross income in calculating taxable income, and are deemed as dividend for PT ABC as the costs of borrowing are paid or at the time of maturity of payment.

Example 2:

- Based on data of example 1, if component of gross income of PT XXX year 2016 covers income from renting out of land and building amounting to Rp5.000.000.000,00 (five billion rupiah) the income of which is subject to final Income Tax and its costs of borrowing constitute joint costs that cannot be separated in the context of the calculation of the amount of taxable income, then costs of borrowing that can be calculated in calculating taxable income shall be calculated proportionally. Costs of borrowing that can be calculated in calculating taxable income are amounting to:

$$= (Rp15.000.000.000,00/Rp20.000.000.000,00) \times Rp193.360.000,00$$

$$= Rp145.020.000,00$$
 or one hundred forty five million twenty thousand rupiah.
- With due observance of information at Example 2 number 1 above, in the event that debt and costs of borrowing in connection with income from renting out of land and building amounting to Rp5.000.000.000,00 (five billion rupiah) the incomes of which is subject to final Income Tax that can be separated in the context of the calculation of the amount of taxable income, then the average balance of debt and costs of borrowing shall not be added in the calculation of the average balance of debt and costs of borrowing of PT XXX. For example, debt and costs of borrowing in connection with income from renting out of land and building amounting to Rp5.000.000.000,00 (five billion rupiah) are identified coming from long term debt to PT JKL then the average balance of debt of PT JKL (Rp780.000.000,00) and costs of borrowing of debt to PT JKL (Rp20.660.000,00) shall not be added in the calculation of the average balance of debt and costs of borrowing of PT XXX. Based on the information, the calculation of Debt To Equity Ratio PT XXX becomes as follows:

The calculation of the average balance of debt:

The average balance of debt shall be calculated based on average balance of debt at the end of every month during Fiscal Year 2016 (excluding long term debt to PT JKL), with the following specification:

Month	Balance of Month-End (in thousands Rupiah)				
	Accounts Payable (bearing interest)	Debt to PT ABC	Debt to WWW Co., Ltd.	Debt to XXX Corp.	Total
January	800.000	800.000	2.500.000	1.984.000	6.084.000
February	790.000	750.000	2.500.000	1.899.500	5.939.500
March	750.000	750.000	2.500.000	1.815.000	5.815.000
April	820.000	750.000	2.500.000	1.730.500	5.800.500
May	850.000	740.000	2.500.000	1.646.000	5.736.000
June	720.000	740.000	2.500.000	1.561.500	5.521.500
July	800.000	740.000	1.970.000	1.477.000	4.987.000
August	810.000	740.000	1.970.000	1.392.500	4.912.500
September	845.000	725.000	1.970.000	1.308.000	4.848.000
October	860.000	725.000	1.970.000	1.223.500	4.778.500
November	805.000	725.000	1.970.000	1.139.000	4.639.000
December	810.000	725.000	1.970.000	1.054.500	4.559.500
Average	805.000	742.500	2.235.000	1.519.250	5.301.750

The amount of the average balance of debt of PT XXX year 2016 = Rp5.301.750.000,00 (five billion three hundred one million seven hundred fifty thousand rupiah).

The calculation of the average balance of equity:

The calculation of the average balance of equity of PT XXX is as intended in Example 1, i.e. the amount of the average balance of equity of PT XXX year 2016 = Rp760.000.000,00 (seven hundred sixty million rupiah).

Based on the amount of the average balance of debt and the amount of the average balance of equity of PT XXX year 2016, then the amount of DER PT XXX year 2016 is:

$$\begin{aligned}
 \text{The amount of DER} &= \text{the amount of the average balance of debt} : \text{Amount of the average balance of equity} \\
 &= \text{Rp5.301.750.000,00} : \text{Rp760.000.000,00} \\
 &= 7 : 1 \text{ or (seven to one)}
 \end{aligned}$$

Then, the calculation of costs of borrowing that can be calculated in calculating taxable income based on Regulation of the Minister of Finance Number 169/PMK.010/2015 is as follows:

The amount of the highest DER allowed = 4 : 1 (four to one).

As the amount of DER of PT XXX exceeds 4 : 1, then costs of borrowing that can be calculated in calculating taxable income = $4/7^a$ x costs of borrowing of each debt, with the following calculation:

(In thousands Rupiah)

Types of Debt	The Average Balance of Debt	Costs of Borrowing	Costs of Borrowing that can be Calculated in calculating Taxable Income ^b
Debt to PT ABC	742.500	96.000	54.857

Debt to WWW Co., Ltd.	2.235.000	100.575	57.471
Debt to XXX Corp.	1.984.000	158.720	90.697
Accounts Payable (bearing interest)	805.000	10.765	6.151
Total	5.301.750	366.060	209.177

- a 4/7 is coefficient number obtained from the following formula:
= the highest DER allowed : DER of company
= 4 : 1 (four to one) : 7 :1 (seven to one)
= 4/7
- b costs of borrowing that can be calculated are obtained by multiplying coefficient number (4/7) by each costs of borrowing.

Example 3:

Based on data of example 1, fund obtained from debt to PT ABC shall be used to purchase shares at PT ZZZ with the ownership of 60% (sixty percent) and dividend received from PT ZZZ does not constitute tax object. Costs of borrowing (interest payments and other related costs) paid to PT ABC are Rp.96.000.000,00 (ninety six million rupiah).

Furthermore, it is also known that the accuracy of loan to XXX Corp. cannot be proven. It is, among other things, proven by absence of cash inflow that shows the receipt of loan from XXX Corp. Costs of borrowing (interest payments and other related costs) paid to XXX Corp. are Rp.158.720.000,00 (one hundred fifty eight million seven hundred twenty thousand rupiah).

Considering that based on the provisions of laws in the Income Tax sector, the accuracy of costs of borrowing of debt used to purchase shares and costs of borrowing of debt that cannot be proven are not deductible from gross income in calculating taxable income, then the debt to PT ABC and XXX Corp. must be excluded from the calculation of DER in advance.

The calculation of the average balance of debt other than debt of PT ABC and XXX Corp. is as follows:

The calculation of the average balance of debt:

The average balance of debt shall be calculated based on average balance of debt at the end of every month during Fiscal Year 2016 as follows:

Month	Balance of Month-End (in thousands Rupiah)			
	Accounts Payable (bearing interest)	Debt to PT JKL	Debt to WWW Co., Ltd.	Total
January	800.000	900.000	2.500.000	4.200.000
February	790.000	900.000	2.500.000	4.190.000
March	750.000	900.000	2.500.000	4.150.000
April	820.000	900.000	2.500.000	4.220.000
May	850.000	900.000	2.500.000	4.250.000
June	720.000	900.000	2.500.000	4.120.000
July	800.000	660.000	1.970.000	3.430.000
August	810.000	660.000	1.970.000	3.440.000
September	845.000	660.000	1.970.000	3.475.000
October	860.000	660.000	1.970.000	3.490.000
November	805.000	660.000	1.970.000	3.435.000
December	810.000	660.000	1.970.000	3.440.000
Average	805.000	780.000	2.235.000	3.820.000

The amount of the average balance of debt of PT XXX year 2016 = Rp3.820.000.000,00 (three billion eight hundred twenty million rupiah).

The calculation of the average balance of equity:

The calculation of the average balance of equity of PT XXX is as intended in Example 1, i.e. the amount of the average balance of equity of PT XXX year 2016 = Rp760.000.000,00 (seven hundred sixty million rupiah).

Based on amount of the average balance of debt and amount of the average balance of equity of PT XXX year 2016, the amount of DER PT XXX year 2016 is:

$$\begin{aligned} \text{The amount of DER} &= \text{Rp3.820.000.000,00} : \text{Rp760.000.000,00} \\ &= 5 : 1 \text{ or (five to one)} \end{aligned}$$

Then, the calculation of costs of borrowing that can be calculated in calculating taxable income based on Regulation of the Minister of Finance Number 169/PMK.010/2015 is as follows:

Amount of the highest DER allowed = 4 : 1 (four to one).

As amount of DER of PT XXX exceeds 4 : 1, costs of borrowing that can be calculated in calculating taxable income = $4/5^a$ x costs of borrowing of each debt, with the following calculation:

Types of Debt	The Average Balance of Debt	Costs of Borrowing	Costs of Borrowing that Can Be Calculated in calculating Taxable Income ^b
Debt to PT JKL	780.000	20.660	16.528
Debt to WWW Co., Ltd.	2.235.000	100.575	80.460
Accounts Payable (bearing interest)	805.000	10.765	8.612
Total	3.820.000	132.000	105.600

^a $4/5$ is coefficient number obtained from the following formula:
= the highest DER allowed : DER of company
= 4 : 1 (four to one) : 5 : 1 (five to one)
= $4/5$

^b costs of borrowing that can be calculated are obtained by multiplying coefficient number ($4/5$) by costs of each loan.

B. FORMAT OF REPORT ON THE CALCULATION OF THE AMOUNT OF DEBT TO EQUITY RATIO

LAMPIRAN
SPT TAHUNAN PAJAK PENGHASILAN WAJIB PAJAK BADAN
TAHUN PAJAK

PENGHITUNGAN BESARNYA PERBANDINGAN ANTARA UTANG DAN MODAL

N P WP :

NAMA WAJIB PAJAK :

I. PENGHITUNGAN RATA-RATA SALDO UTANG

Pemberi Pinjaman		SALDO UTANG TIAP AKHIR BULAN (DALAM JUTAAN RUPIAH)												Rata-Rata
		Bulan ke-1	Bulan ke-2	Bulan ke-3	Bulan ke-4	Bulan ke-5	Bulan ke-6	Bulan ke-7	Bulan ke-8	Bulan ke-9	Bulan ke-10	Bulan ke-11	Bulan ke-12	
Nama	Hubungan													
Jumlah														

II. PENGHITUNGAN RATA-RATA SALDO MODAL

RINCIAN MODAL	SALDO MODAL TIAP AKHIR BULAN (DALAM JUTAAN RUPIAH)												Rata-Rata
	Bulan ke-1	Bulan ke-2	Bulan ke-3	Bulan ke-4	Bulan ke-5	Bulan ke-6	Bulan ke-7	Bulan ke-8	Bulan ke-9	Bulan ke-10	Bulan ke-11	Bulan ke-12	
Modal Saham													
Agio Saham													
Laba Ditahan													
Saldo Laba													
.....													
.....													
.....													
Pinjaman tanpa Bunga dari													
Jumlah													

III. PENGHITUNGAN BESARNYA PERBANDINGAN ANTARA UTANG DAN MODAL

Penghitungan DER = $\frac{\text{Jumlah saldo rata-rata utang}}{\text{Jumlah saldo rata-rata modal}}$ = = :

IV. PENGHITUNGAN BIAYA PINJAMAN

Pemberi Pinjaman	Saldo Rata-rata Utang	Biaya Pinjaman	Biaya Pinjaman yang dapat Diperhitungkan dalam Menghitung Penghasilan Kena Pajak	Biaya Pinjaman yang tidak dapat dikurangkan
(1)	(2)	(3)	(4)	(5)
Total				

JIKA FORMULIR INI TIDAK MENCUKUPI
DAPAT DIBUAT SENDIRI SESUAI DENGAN FORMAT INI

..... (tgl) (bn) (lhn)

WAJIB PAJAK/KUASA

FILLING OUT GUIDELINES:

Report on the calculation of the amount of Debt To Equity Ratio shall be attached to Annual Income Tax Return of Corporate Taxpayer (SPT PPh of Corporate Taxpayer).

Fiscal Year

Please fill it out with number of accounting year of company in the box available.

Example: Fiscal Year 2017

2	0	1	7
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Part "Identity"

- NPWP : Please fill it in accordance with NPWP specified in NPWP card
- TAXPAYER'S NAME : Please fill it in accordance with name specified in NPWP card

Part I - The calculation of Average Balance of Debt

Column of Lender

Column of Name shall be filled out with each lender's name. Column of Relation shall be given note "Affiliation" in the event that lender is the party having a special relation with Taxpayer or "Independent" in the event that lender is independent party.

Column of Balance of Debt At the end of every month

Column of the 1st Month up to the 12th Month shall be filled out with balance of each debt at the end of every month in rupiah currency. In the event of using foreign currency, it shall be filled out with value of rupiah by using exchange rate used by Taxpayer at the end of every month.

Column of Average shall be filled out with amount of balance of debt at the end of every month divided by number of months, for example if debt only covers the 8th Month up to the 12th Month, the filling out of column of average is as follows:

(In millions rupiah)

the 1 st Month	the 2 nd Month	the 3 rd Month	the 4 th Month	the 5 th Month	the 6 th Month	the 7 th Month	the 8 th Month	the 9 th Month	the 10 th Month	the 11 th Month	the 12 th Month	Average
-	-	-	-	-	-	-	2.100	1.900	1.650	1.500	1.250	1.680

Part II - The Calculation of Average Balance of Equity

Column of Specification of Equity

Please fill it in with each type of equity recorded in balance sheet of company in accordance with finance accounting standard applicable in Indonesia and non-interest bearing loan of the party having Special Relation.

Column of Balance of Equity At the end of every month

Column of the 1st Month up to the 12th Month shall be filled in with balance of equity at the end of every month in rupiah currency. In the event of using foreign currency, it shall be filled in with value of rupiah by using exchange rate used by Taxpayer at the end of every month.

Column of Average shall be filled in with amount of balance of equity at the end of every month divided by number of month, for example if equity only covers the 8th Month up to the 12th Month, the filling out of column of average is as follows:

(In millions rupiah)

the 1 st Month	the 2 nd Month	the 3 rd Month	the 4 th Month	the 5 th Month	the 6 th Month	the 7 th Month	the 8 th Month	the 9 th Month	the 10 th Month	the 11 th Month	the 12 th Month	Average
-	-	-	-	-	-	-	200	200	300	300	400	280

Part III - The Calculation of the Amount of Debt To Equity Ratio

This Part shall be filled in by dividing amount of the average balance of debt originating from Part I by amount of the average balance of equity originating from Part II. For example, if amount of the average balance of debt originating from Part I is Rp1.680.000.000, (one billion six hundred eighty million rupiah) and amount of the average balance of equity originating from Part II is Rp280.000.000,00 (two hundred eighty million rupiah), the filling out of this Part is as follows:

$$\begin{array}{l} \text{The Calculation of} \\ \text{DER} \end{array} = \frac{\text{Amount of average balance of debt}}{\text{Amount of average balance of equity}} = \frac{1.680.000.000}{280.000.000} = 6:1$$

Part IV - The Calculation of Costs of Borrowing

Lender - Column (1)

Please fill it in with each lender's name originating from Part I.

The Average Balance of Debt - Column of (2)

Please fill it in with value of the average balance of debt for each loan originating from Part I.

Costs of Borrowing - Column (3)

Please fill it in with Taxpayer- borne costs for each loan.

Costs of Borrowing that Can Be Calculated in calculating Taxable Income - Column (4)

Please fill it in with costs of borrowing that can be calculated in calculating taxable income in accordance with Debt To Equity Ratio allowed.

Non-deductible Costs of Borrowing - Column (5)

Please fill it in by deducting costs of borrowing that can be calculated in calculating taxable income as intended in column (4) of costs of borrowing as intended in column (3).

Part of Place, Date, and Signature

Please fill it in with place and date of filling out of SPT PPh of Corporate Taxpayer as well as complete name, NPWP and signature of individual acting as management of company authorized. In the event that SPT PPh of Corporate Taxpayer is signed by Taxpayer's Proxy, please fill it in with complete name, NPWP and signature of Taxpayer's Proxy.

C. FORMAT OF REPORT ON PRIVATE OFFSHORE DEBTS

LAMPIRAN
SPT TAHUNAN PAJAK PENGHASILAN WAJIB PAJAK BADAN
TAHUN PAJAK
LAPORAN UTANG SWASTA LUAR NEGERI

NO	PEMBERI PINJAMAN			MATA UANG		PERIOD UTANG (Rp)			JANIS VARTU PINJAMAN		DUNGA		BIAYA TERKAIT PECELEHAN PINJAMAN SELAIN DUNGA (Rp)	PERUNTUKAN PINJAMAN	
	NAMA	ALAMAT	NEGARA/YURISDIKSI	KODE	KURS AKHIR TAHUN	AWAL TAHUN	Mula	AKHIR TAHUN	TANGGAL MULAI	TANGGAL JATUH TEMPO	TINGKAT (%)	JUMLAH (Rp)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	Penambahan	Pengurangan	(10)	(11)	(12)	(13)	(14)	(15)	(16)
TOTAL															

(Rp)	(Bp)	(Tb)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Wajib Pajak / Keluarga

JIKA FORMULIR INI TIDAK MENCIKUPI
DAPAT DIBUAT SENDIRI SESUAI DENGAN FORMAT
INI

FILLING OUT GUIDELINES:

Report on private offshore debts shall be attached to Annual Income Tax Return of Corporate Taxpayer (SPT PPh of Corporate Taxpayer).

Fiscal Year

Please fill it in with number of accounting year of company in the box available.

Example: Fiscal Year 2017

2	0	1	7
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Part "Identity"

NPWP : Please fill it in accordance with NPWP specified in NPWP card

TAXPAYER'S NAME : Please fill it in accordance with name specified in NPWP card

Number - Column of (1)
Self-Explanatory.

Lender's Name - Column of (2)
Please fill it in with each lender's name.

Address of Lender - Column of (3)
Please fill it in with complete address of each lender.

Country/Jurisdiction of Lender - Column of (4)
Please fill it in with name of country or jurisdiction where each lender is domiciled.

Currency Code - Column (5)
Please fill it in with alphabetical code of currency of loan in accordance with the standard

Currency	Alphabetical Code
Rupiah	IDR
US Dollar	USD

Australian Dollar	AUD
Singapore Dollar	SGD
Euro	EUR
Pound Sterling	GBP
Yen	JPY

Exchange Rate of Year-End of Currency - Column (6)

Please fill it in with exchange rate used to convert loan to rupiah currency at the end of the year. In the event of loan in rupiah currency, this column shall be filled in with number 1 (one).

Debt Principal at Early Year - Column (7)

Please fill it in with amount of debt principal at the beginning of the year of bookkeeping in rupiah currency. In the event that debt uses foreign currency, this column shall be filled in with value of rupiah by using exchange rate used by Taxpayer at the beginning of the year.

Transfer of Increase in Debt Principal - Column (8)

Please fill it in with amount of the entire increase in debt principal during one year. In the event that increase in debt principal uses foreign currency, the value of increase shall be calculated in rupiah currency by using exchange rate at the time of increase.

Transfer of Deduction of Debt Principal - Column (9)

Please fill it in with amount of the entire deduction of debt principal during one year. In the event that deduction of debt principal uses foreign currency, the value of deduction shall be calculated in rupiah currency by using exchange rate at the time of deduction.

Debt Principal at the End of the Year - Column of (10)

Please fill it in with amount of debt principal at the end of the year of bookkeeping in rupiah currency. In the event that debt uses foreign currency, this column shall be filled in with value of rupiah by using exchange rate used by Taxpayer at the end of the year.

Date of Commencement of Period of Loan - Column (11)

Please fill it in with date, month and year of the commencement of period of loan in accordance with agreement.

Maturity Date of Period of Loan - Column (12)

Please fill it in with date, month and year of the end of period of loan in accordance with agreement.

Interest Rate (%) - Column (13)

Please fill it in with loan interest rate for one year in accordance with agreement. In the event that loan interest rate varies from time to time in one year, this column shall be filled in by using effective interest rate.

Amount (Rp) Interest - Column (14)

Please fill it in with amount of interest payments of each loan for one year in rupiah currency. In the event that interest payment is calculated in foreign currency, this column shall be filled in with value of rupiah by using exchange rate at the time of payment or maturity of the payment of interest payments.

Costs Related To Acquisition of Loan Other Than Interest (Rp) - Column (15)

Please fill it in with amount of costs related to each loan other than interest that occurs in one year in rupiah currency. In the event that costs of borrowing other than interest are calculated in foreign currency, this column shall be filled in with value of rupiah by using exchange rate at the time of payment or maturity of the payment of costs.

Designation of Loan - Column (16)

Please fill it in with explanations on purposes/designation of loan conducted by Taxpayer.

Part of "Place, Date, and Signature"

Please fill it in with place and date of filling out of SPT PPh of Corporate Taxpayer as well as complete name, NPWP and signature of individual acting as management of company authorized. In the event that SPT PPh of Corporate Taxpayer is signed by Taxpayer's Proxy, please fill it in with complete name, NPWP and signature of Taxpayer's Proxy.

Source: LOOSE LEAF REGULATION OF THE DIRECTOR GENERAL OF TAXATION YEAR 2017