



Tax Alert 07.2018

Procedures for Implementing Double Tax Avoidance Agreements

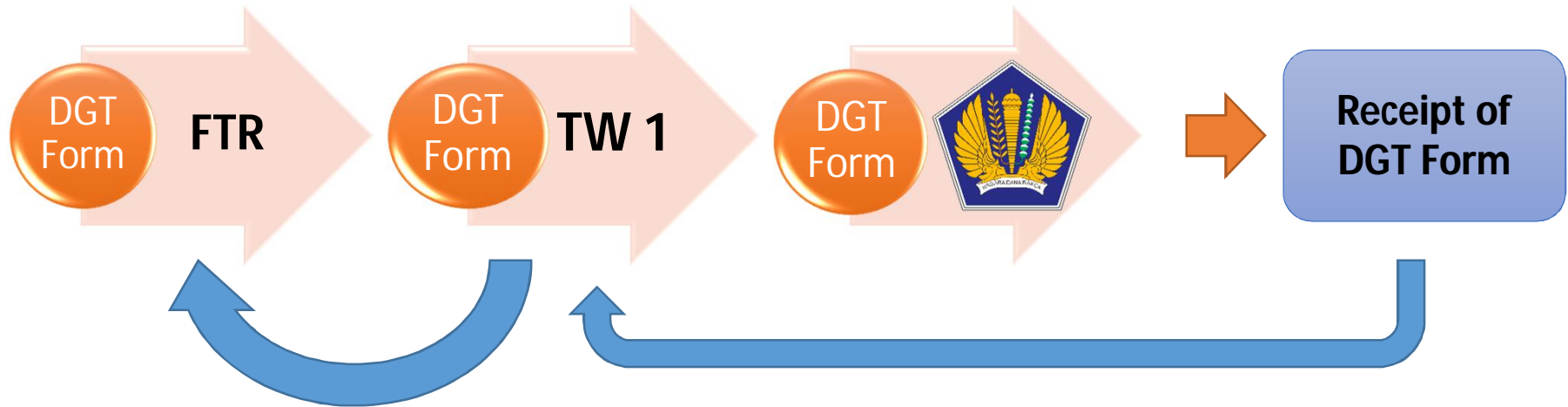
- Directorate General of Taxation (DGT)
Regulation No. 25/PJ/2018 (November 21,
2018)
- ❖ Replacement of DGT Regulation No.
PER 10/PJ/2017

Abbreviation

- **FTR** = Foreign Tax Residents
- **TT** = Tax Treaty
- **DGT Form** = Certificate of Tax Domicile for Foreign Tax Residents
- **TW** = Tax Withholder
- **Receipt** = Receipt of submission of DGT Form

Administrative Procedure

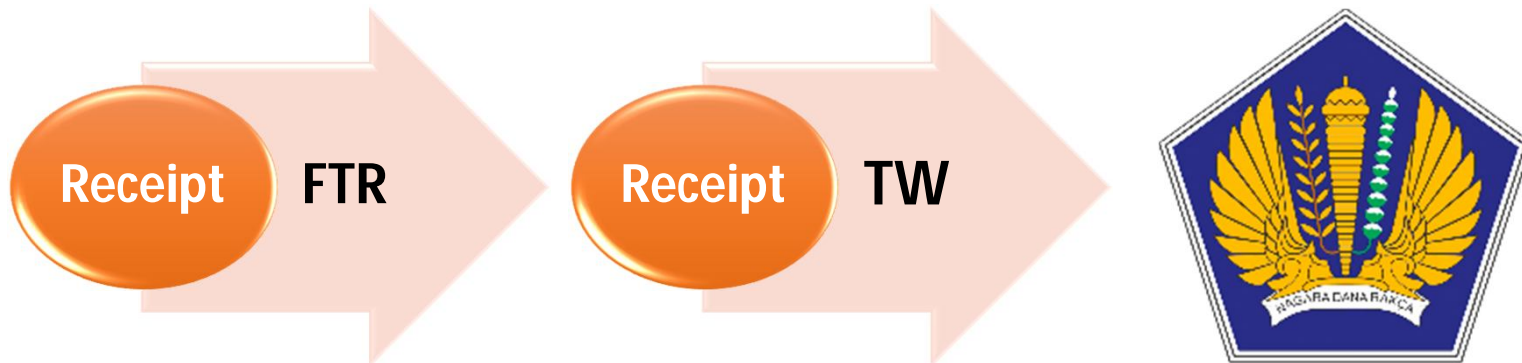
a. DGT Form Reporting for The First Tax Withholder



Foreign Tax Residents will prepare and provide a filled-out DGT Form to the first Tax Withholder. Then the Tax Withholder will submit relevant information on the DGT Form through electronic system administrated by the DGT. A receipt will be issued upon submission, and the Tax Withholder should forward the receipt to the Foreign Tax Resident.

Administrative Procedure (2)

b. DGT Form Reporting for Subsequent Tax Withholder During The Period Covered in The DGT Form



Foreign Tax Residents do not have to prepare new DGT Form for subsequent Tax Withholder for the period covered in the existing DGT Form. Foreign Tax Residents only need to provide the subsequent Tax Withholder with receipt of the existing DGT Form. Subsequent Tax Withholder will compare the information available in the receipt with the one in the DGT electronic system. Foreign Tax Residents cannot use the facilities provided on Tax Treaties if it is found that the DGT Form requirements were not satisfied based on Article 4 of this regulation. Tax Withholder should attach the receipt along with Monthly Tax Return Art. 23/26 when the tax is due.

Principal Changes



Main Arrangement	PER-10/PJ/2017	PER-25/PJ/2018
DGT Form	Two types of forms. DGT-1 has three pages, DGT-2 has two pages	A single DGT Form contains of two pages. No more form that has to be filled out by FTR and provided to TW for every transaction occurred
Frequency of submission of DGT Form	Every month in Monthly Tax Return for every Tax Withholder / Tax Collector.	One time for the period covered in the DGT Form by the Tax Withholder / Tax Collector
Channel for submitting DGT Form	Manually (legalized copy)	Through electronic system administrated by the DGT
Validity Period and Fiscal Year for DGT Form	Valid for 12 months maximum. It is not possible to pass Fiscal Year (ex: July 2018 – December 2018)	Valid for 12 months maximum. It may cover a 12-month period crossing different Fiscal Year (ex: July 2018 – June 2019)

List of Seven Section in DGT Form

Parts on DGT Form	Content	Has To be completed by			
		Type of foreign tax resident			Competent authority or authorised tax office
		Individuals	Entities		
			Banks/ pension funds	Others	
Part I	Data of the foreign tax resident	√	√	√	
Part II	Certification by the country of residence or CoD issued by the relevant country				√
Part III	Declaration by the foreign tax resident and prevention of treaty abuse tests		√		

List of Seven Section in DGT Form (2)





Parts on DGT Form	Content	Has To be completed by			
		Type of foreign tax resident			Competent authority or authorised tax office
		Individuals	Entities		
			Banks/ pension funds	Others	
Part IV	Prevention of treaty abuse tests for foreign tax resident (individual)	√			
Part V	Prevention of treaty abuse tests for foreign tax resident (non-individual)			√	
Part VI	Beneficial ownership tests if the income earned is dividends, interest, or royalties			√	
Part VII	Declaration by the foreign tax resident and residency status	√		√	

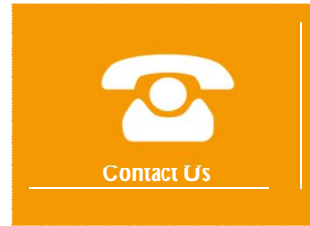
APPENDIX

Form DGT PER-25/PJ/2018

E. Bentuk Form DGT

 MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA DIRECTORATE GENERAL OF TAXES	(FORM DGT)
CERTIFICATE OF DOMICILE OF NON RESIDENT FOR INDONESIA WITHHOLDING TAX	
Guidance: 1. This form is to be completed by a person (which includes a body of a person, corporate or non corporate) who is a resident of a country which has concluded Double Taxation Convention (DTC) with Indonesia. 2. For person who is: - a banking institution, or - a pension fund, completes only DGT Page 1. 3. For individual, completes PART I and PART II of DGT Page 1, and PART IV and PART VII of DGT Page 2. 4. For non individual other than mentioned in number 2, completes PART I and PART II of DGT Page 1, and PART V, PART VI, and PART VII of DGT Page 2.	
All particulars in the form are to be properly furnished, and the form shall be signed as completed. This form must be certified by the Competent Authority or his authorized representative or authorized tax office in the country where the income recipient is a tax resident before submitted to Indonesian withholding agent/custodian.	
PART I INCOME RECIPIENT	
Tax ID Number : _____ (1) Name : _____ (2) Full address : _____ (3) Country : _____ (4) Contact Number : _____ (5) email : _____ (6)	
PART II CERTIFICATION BY COMPETENT AUTHORITY OR AUTHORIZED TAX OFFICE OF THE COUNTRY OF RESIDENCE	
For the purpose of tax relief, it is hereby confirmed that the taxpayer mentioned in Part I is a resident in _____ (7) for the period _____ (8) _____ (9) to _____ (10) _____ (11) within the meaning of the Double Taxation Convention in accordance with Double Taxation Convention concluded between Indonesia and _____ (12).	
_____ (13) Name and Signature of the Competent Authority or his authorized representative or authorized tax office	 _____ (14) Capacity/designation of signatory
Office address: _____ (16)	_____ / _____ / _____ (15) Place, date (mm/dd/yy)
PART III DECLARATION BY THE INCOME RECIPIENT (BANKING INSTITUTION AND PENSION FUND)	
I declared that: 1. this company is not an Indonesian resident taxpayer; 2. this company a resident of _____ (17) for income tax purposes within the meaning of DTC of both countries; 3. the purposes of the transaction is not to obtain the benefit under the convention directly or indirectly that is contrary to the object and purpose of the DTC; 4. in relation with the earned income, this company is not acting as an agent, nominee, or conduit; 5. the beneficial owner is not an Indonesian resident taxpayer and/or not a resident taxpayer of the country other than mentioned in Part I; and 6. I have examined the information stated on this form and to the best knowledge and belief it is true, correct and complete.	
_____ (18) Signature of the income recipient or individual authorized to sign for the income recipient	_____ / _____ / _____ (19) Place, date (mm/dd/yy)
_____ (20) Capacity in which acting	
This form is available and may be downloaded at this website: http://www.pajak.go.id	

PART IV TO BE COMPLETED IF THE INCOME RECIPIENT IS AN INDIVIDUAL	
1. Place and Date of birth (mm/dd/yyyy) : _____ / _____ / _____ (21)	
2. The purposes of the transaction is to directly or indirectly obtain the benefit under the convention that is contrary to the object and purpose of the DTC. <input type="checkbox"/> Yes <input type="checkbox"/> No (22)	
3. Are you acting as an agent or a nominee? <input type="checkbox"/> Yes <input type="checkbox"/> No (23)	
4. Do you have permanent home in Indonesia? <input type="checkbox"/> Yes <input type="checkbox"/> No (24)	
5. In what country do you ordinarily reside? _____ (25)	
6. Have you ever been resided in Indonesia? <input type="checkbox"/> Yes <input type="checkbox"/> No (26) If so, in what period? _____ / _____ / _____ to _____ / _____ / _____ Please provide the address : _____	
7. Do you have any office, or other place of business in Indonesia? <input type="checkbox"/> Yes <input type="checkbox"/> No (27) If so, please provide the address : _____	
PART V TO BE COMPLETED IF THE INCOME RECIPIENT IS NON INDIVIDUAL	
1. Country of registration/incorporation : _____ (28)	
2. Which country does the place of management or control reside? _____ (29)	
3. Address of Head Office : _____ (30)	
4. Address of branches, offices, or other place of business in Indonesia (if any) : _____ (31)	
5. The entity has relevant economic substance either in the entity's establishment or the execution of its transaction. <input type="checkbox"/> Yes <input type="checkbox"/> No (32)	
6. The entity has the same legal form and economic substance either in the entity's establishment or the execution of its transaction. <input type="checkbox"/> Yes <input type="checkbox"/> No (33)	
7. The entity has its own management to conduct the business and such management has an independent discretion. <input type="checkbox"/> Yes <input type="checkbox"/> No (34)	
8. The entity has sufficient assets to conduct business other than the assets generating income from Indonesia. <input type="checkbox"/> Yes <input type="checkbox"/> No (35)	
9. The entity has sufficient and qualified personnel to conduct the business. <input type="checkbox"/> Yes <input type="checkbox"/> No (36)	
10. The entity has business activity other than receiving dividend, interest, royalty sourced from Indonesia. <input type="checkbox"/> Yes <input type="checkbox"/> No (37)	
11. The purposes of the transaction is to directly or indirectly obtain the benefit under the convention that is contrary to the object and purpose of the DTC. <input type="checkbox"/> Yes <input type="checkbox"/> No (38)	
PART VI TO BE COMPLETED IF THE INCOME RECIPIENT IS NON INDIVIDUAL AND THE INCOME EARNED IS/ARE DIVIDEND, INTEREST, AND/OR ROYALTY	
1. The entity is acting as an agent, nominee or conduit <input type="checkbox"/> Yes <input type="checkbox"/> No (39)	
2. The entity has controlling rights or disposal rights on the income or the assets or rights that generate the income. <input type="checkbox"/> Yes <input type="checkbox"/> No (40)	
3. No more than 50 per cent of the entity's income is used to satisfy claims by other persons. <input type="checkbox"/> Yes <input type="checkbox"/> No (41)	
4. The entity bear the risk on its own asset, capital, or the liability <input type="checkbox"/> Yes <input type="checkbox"/> No (42)	
5. The entity has contract/s which obliges the entity to transfer the income received to resident of third party. <input type="checkbox"/> Yes <input type="checkbox"/> No (43)	
PART VII DECLARATION BY THE INCOME RECIPIENT	
I declared that I have examined the information provided in this form and to the best of my knowledge and belief it is true, correct, and complete, I further declared that <input type="checkbox"/> I am not an Indonesian resident taxpayer, will not be an Indonesian resident taxpayer during the period mentioned in Part II. (44) <input type="checkbox"/> this company is not an Indonesian resident taxpayer and/or not a resident taxpayer of the country other than mentioned in Part I. (45)	
_____ (46) Signature of the income recipient or individual authorized to sign for the income recipient	_____ / _____ / _____ (47) Place, date (mm/dd/yy)
_____ (48) Capacity in which acting	
This form is available and may be downloaded at this website: http://www.pajak.go.id	



If you have any **questions** or need further information about **PER-25/PJ/2018**, please **contact us at** :



info@salaki-salaki.com



021 – 290 49905 / 49906 / 49908

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