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New Regulation Concerning Procedures for Recording and Bookkeeping

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ABOUT DDTC Newsletter

Published every two weeks, DDTC Newsletter provides a summary of key tax law changes, both the current modifications and changes in taxation regulations, particularly those pertaining to domestic policies.

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The Ministry of Finance has issued a new regulation concerning procedures for recording and maintaining bookkeeping for tax purposes. The policy is outlined in the Minister of Finance Regulation No. 54/PMK.03/2021 concerning Procedures for Recording and Certain Criteria and Procedures for Organizing Bookkeeping for Tax Purposes (MoF Reg. 54/2021). Promulgated on 2 June 2021, this regulation has come into effect thereafter.

As per Article 2 of MoF Reg. 54/2021, individual taxpayers who carry out businesses or independent personal services and corporate taxpayers in Indonesia are required to perform bookkeeping. However, not all taxpayers are required to maintain bookkeeping.

In this regard, there are categories of individual taxpayers exempt from the obligation to perform bookkeeping, but are still required to keep records, as follows:

(i) individual taxpayers who carry out business activities or independent personal services as per statutory provisions in the taxation sector are allowed to calculate net income using net income calculation norms;

(ii) individual taxpayers who do not carry out business activities or independent personal services; and

(iii) individual taxpayers who meet certain criteria.

There are two requirements for individual taxpayers who meet certain criteria, as follows:

(i) individual taxpayers who carry out business activities and/or independent personal services; and

(ii) the gross turnover of overall activities is subject to final income tax and/or non-tax objects and does not exceed IDR4.8 billion in one tax year.

In the above case, the taxpayer may perform recording without submitting a notification on the use of net income calculation norms.

The gross turnover is determined based on the total gross turnover of each type and/or place of business and/or independent personal services in the previous tax year. In the event that the individual taxpayers are a husband and wife who wishes for a prenuptial agreement on the separation of assets or separation in exercising their taxation rights and obligations, the amount of gross turnover is determined based on the combined gross turnover of the husband and wife's businesses.

On a side note, individual taxpayers under this regulation refer to individual taxpayers who carry out business activities and/or independent personal services and whose gross turnover of such business activities is less than IDR4.8 billion in one tax year.

In calculating their net income, taxpayers may use net income calculation norms and perform recording on the condition that they notify the Director General of Taxes within the first three months of the tax year concerned.

As per Article 3 of MoF Reg. 54/2021, records consist of regularly collected data as the basis for calculating the amount of tax payables. The recording must be based on four conditions, as follows:

(i) recording is carried out with due regard to good faith and reflects the actual condition or business and is supported by documents that constitute the basis of recording;

(ii) carried out in Indonesia using Latin letters, Arabic numerals, and the rupiah currency unit at the actual and/or deemed value. Furthermore, the recording is prepared in Indonesian or in a foreign language permitted by the minister as per statutory provisions in the field of taxation;

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(iii) in a tax year, i.e. one calendar year from January 1 to December 31; and

(iv) prepared chronologically and systematically based on the order of the date of receipt of gross turnover and/or gross income.

Recording can be performed electronically or non-electronically by individual taxpayers. Books, records, and documents as the basis of the recording and other documents, including the results of data processing, must be kept for 10 years in Indonesia. Storage must be performed at the residence and/or place of business and/or independent personal services for individual taxpayers.

Bookkeeping, on the other hand, must be carried out based on prevailing financial accounting standards in Indonesia, unless otherwise stipulated by statutory provisions in the field of taxation. The bookkeeping must be maintained with reference to three things, as below:

(i) bookkeeping is maintained in good faith and fully discloses the actual circumstances or business;

(ii) bookkeeping is maintained in Indonesia using Latin letters, Arabic numerals, rupiah currency units, and compiled in Indonesian. Bookkeeping can be maintained using a foreign language or currency other than rupiah after obtaining permission from the Minister of Finance; and

(iii) bookkeeping is carried out consistently with the principle of consistency and accrual or cash basis. The principle of consistency refers to the same principle used in the accounting method in the previous tax year to prevent a shift in profit or loss.

The principle of consistency in the accounting method may take the form of the revenue recognition basis, a financial year, an inventory valuation method, or a depreciation and amortization method. Changes to bookkeeping methods must be approved by the Director General of Taxes. Bookkeeping must at least consist of records pertaining to assets, liabilities, capital, income and costs, as well as the cost of acquisition and supply of goods or services including sales and purchases.

On another note, bookkeeping refers to a recording process carried out regularly to collect financial data and information which includes assets, liabilities, capital, income and costs, as well as the total cost of acquisition and supply of goods or services, which is closed by compiling financial statements in the form of a balance sheet, and income statement for the relevant tax year. Bookkeeping serves as the basis for the preparation of financial statements in the form of balance sheets and income statements for the relevant tax year.

As per Article 10 paragraph (1) of MoF Reg. 54/2021, for tax purposes, cash basis bookkeeping can be maintained by certain taxpayers. Certain taxpayers that can maintain cash basis bookkeeping are taxpayers that meet two requirements under Article 10 paragraph (2) of MoF Reg. 54/2021, *inter alia*:

(i) the taxpayers must be commercially entitled to maintain bookkeeping based on financial accounting standards applicable to micro and small enterprises; and

(ii) individual taxpayers who are allowed to use the Net Income Calculation Norms (*Norma Penghitungan Penghasilan Neto*/NPPN) or meet certain criteria but choose or are required to perform bookkeeping.

In addition to individual taxpayers, there are corporate taxpayers with gross turnover not exceeding IDR4.8 billion in a year. Said gross turnover is the total gross turnover of each type and place of business in the previous tax year. The gross turnover is based on the total gross turnover in each type and/or place of business in the previous tax year

Cash basis refers to a method in which the calculation is based on income received and expenses paid in cash. According to this system, income or expenses are considered as income or expenses if they have actually been received or paid in cash within a certain period.

In cash basis bookkeeping, 3 conditions must be met by taxpayers, namely:

(i) the calculation of the amount of income from business or independent personal services must include all transactions, both cash and non-cash;

(ii) the calculation of the cost of goods sold must take into account all purchases and inventories, both cash and non-cash; and

(iii) the acquisition of depreciable property with a useful life of more than 1 year can only be deducted from income through depreciation.

To maintain cash basis bookkeeping, taxpayers are required to submit a notification every tax year. The notification is submitted by taxpayers with the central status, i.e. taxpayers who are registered with the Tax Office and whose 3 last digits of the Tax Identification Number are 000.

Notification to maintain cash basis bookkeeping must be submitted no later than the filing of the annual tax return for the previous tax year. Written notification is

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submitted in person or by post/forwarding company/courier service with proof of postage.

The notification is submitted to the head of the Tax Office where the taxpayer with the central status is registered. As for newly registered taxpayers, the notification obligation must be fulfilled no later than 3 months from the time of registration or the end of the tax year, whichever occurs first. Cash basis bookkeeping notified within said period is deemed to have been approved and comply with the requirements.

For electronically submitted notification, the Directorate General of Taxes (DGT) system issues a certificate of cash basis bookkeeping. The certificate is issued automatically upon the submission of the notification. The DGT system may also notify that the taxpayer cannot perform cash basis bookkeeping if the notification has passed the specified period.

In closing provisions, the Ministry of Finance stipulates the implementation of cash basis bookkeeping that will take effect in tax year 2022. Cash basis bookkeeping is part of the revenue recognition principle.

Changes in Terms of Use of Book Value in the Context of Business Spin-offs

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The government readjusts the taxation policy regarding the use of book value for the transfer and acquisition of assets in the context of mergers, split-ups, business spin-offs, or taking over of a business.

The adjustments to the policy on the use of book value are outlined in the Minister of Finance Regulation No. 56/PMK.010/2021 concerning the Second Amendment to the Minister of Finance Regulation No. 52/PMK.010/2017 concerning the Use of Book Value for the Transfer and Acquisition of Assets in the Context of Mergers, Split-ups, Spin-offs, or Taking Over of a Business (MoF Reg. 56/2021).

MoF Reg. 56/2021 has been released to provide convenience in the transformation of State-Owned Enterprises (*Badan Usaha Milik Negara*/BUMN) and the achievement of SOE missions through SOE restructuring. Moreover, this policy has been issued to encourage companies to conduct initial public offerings. Promulgated on 4 June 2021, MoF Reg. 56/2021 has come into force thereafter.

Through MoF Reg. 56/2021, the government expands the scope of taxpayers permitted to use book value in the context of business spin-offs. Based on MoF Reg. 56/2021, resident corporate taxpayers can now use the book value in the context of business spin-offs insofar as the business entity resulting from the business spin-offs receives additional capital from foreign investors of a minimum of IDR500 billion.

In addition, SOE taxpayers that receive additional capital participation from the Republic of Indonesia may use the book value in the context of business spin-offs. The book value, however, can be used insofar as the business spin-offs are carried out in the context of the establishment of an SOE holding company. Moreover, corporate taxpayers performing splitting in connection with the restructuring of SOEs can now also use book value in the context of business spin-offs.

To use the book value, the taxpayer must apply to the Director General of Taxes no later than six months after the effective date of the business spin-off. The submitted application must be attached with the following documents:

(i) a statement letter stating the reasons and objectives for mergers, split-ups, spin-offs, or taking over of a business;

(ii) a statement letter outlining that the merger, split-ups, business spin-offs, or taking over of a business fulfill the requirements of the business purpose test as referred to under Article 2 paragraph (2); and

(iii) tax clearance certificate from the Director General of Taxes for all resident taxpayers and relevant Permanent Establishments.

Application submitted by resident corporate taxpayers whose business entity as a result of the business spin-offs receives additional capital from foreign investors of a minimum of IDR500 billion must also be attached with:

(i) deed of establishment or deed of amendments of the taxpayer resulting from the business spin-offs which states the amount of new investments from foreign investors; and

(ii) proof of realization or full payment of additional capital in the deed of establishment or deed of amendments.

On the other hand, applications submitted by SOE taxpayers that receive additional capital must also be attached by a letter of approval from the Minister of State-Owned Enterprises. Furthermore, applications submitted by SOE taxpayers that perform business split-ups in connection with the SOE restructuring must be attached by a letter of approval from the Minister of State-Owned Enterprises and a deed of business split-up or business acquisition.

In addition, MoF Reg. 56/2021 states that taxpayers who intend to sell their shares on the stock exchange, within a maximum period of two years since approval from the Director General of Taxes to carry out business spin-offs using book value, must have submitted a statement of registration to the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) for the initial public offering and registration statements have become effective.

Procedures for Electronic Issuance, Signing, and Sending of Tax Decisions or Assessments

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The Ministry of Finance stipulates a new regulation concerning procedures for the implementation of tax rights and fulfillment of tax obligations as well as the electronic issuance, signing, and delivery of tax decisions or assessments.

The provisions are outlined in the Minister of Finance Regulation No. 63/PMK.03/2021 concerning Procedures for the Implementation of Tax Rights and Fulfillment of Tax Obligations as well as the Electronic Issuance, Signing of Tax Decisions or Assessments (MoF Reg. 63/2021).

MoF Reg. 63/2021 has been released to implement the provisions of Article 6 Number 18 Article 63A

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paragraph (6) and Article 63B paragraph (5) of Government Regulation no. 9 of 2021 concerning Tax Treatment to Support the Ease of Doing Business (Gov. Reg. 9/2021).

Taking effect as of 8 June 2021, this regulation, among others, states that the Director General of Taxes may issue decisions or assessments in the context of implementing statutory provisions in the field of taxation, in electronic form and signed electronically.

The decision letters that can be issued electronically include: notices of tax correction, objection decision letters, decrees on the reduction or abolition of administrative sanctions, decrees of the reduction or cancellation of tax assessment, interest repayment decrees, decrees of refunds of tax overpayments, and decrees of the calculation of interest repayment.

Notices of tax assessment that can be issued electronically include: notices of tax underpayment assessment, notices of additional tax underpayment assessment, notices of tax overpayment assessment, notices of nil tax assessment, and notices of tax collection.

As outlined in Article 63B paragraph (2) of Gov. Reg. 74/2011 as amended by Gov. Reg. 9/2021, electronically issued assessments and decisions have the same legal force as assessments and decisions published in writing. Next, if the DGT has electronically published the assessment or decision, the DGT will not publish the assessment or decision in print.

The assessments and decisions issued electronically by the DGT will be submitted through three channels, i.e. directly through the DGT website, through other websites or applications integrated with the DGT system, or directly to the e-mail of taxpayers registered with the DGT administration system.

MoF Reg. 63/2021 also stipulates the use of electronic signatures by taxpayers in exercising their rights and fulfilling their tax obligations electronically. The electronic signature under this regulation refers to a signature consisting of electronic information attached to other electronic information used as a means of verification and authentication.

In further detail, two electronic signatures are stipulated in this regulation, i.e. certified and uncertified electronic signatures. A certified electronic signature is an electronic signature made using an electronic certificate.

An electronic certificate refers to an electronic certificate containing an electronic signature and identity indicating the legal subject status of the parties in an electronic transaction issued by the electronic certification operator.

Non-certified electronic signatures, on the other hand, refer to electronic signatures created using the DGT authorization code. The DGT authorization code is a verification and authentication tool used by taxpayers to perform uncertified electronic signatures issued by the DGT.

As for individual taxpayers, electronic documents are signed using an electronic certificate or the DGT authorization code for the individual taxpayer.

If said taxpayer is not an individual taxpayer, electronic documents are signed using an electronic certificate or the DGT authorization code for an individual as the taxpayer's representative.

Furthermore, in the event that an individual or corporate taxpayer appoints a power of attorney, the taxpayer's power of attorney can sign an electronic document using an electronic certificate or DGT authorization code for the taxpayer's power of attorney.

Furthermore, MoF Reg. 63/2021 states that electronic documents signed electronically have the same legal force as printed (manual) documents that are signed other than using an electronic signature.

On another note, MoF Reg. 63/2021 allows the Minister of Finance to collaborate with government agencies, institutions, associations, and other parties to provide facilities for the electronic implementation of rights and/or fulfillment of tax obligations through an administrative system integrated with the DGT systems.

Cooperation to provide these facilities, among others, is carried out in the context of: granting Tax Identification Numbers; providing confirmation of taxpayer status; administration of electronic withholding tax slips and electronic tax invoices; administration of tax payments and/or filing of electronic tax returns; and administration of tax services.

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Stipulation of Export Prices for the Calculation of June 2021 Export Duties

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Referring to Article 5 paragraph (1) of Government Regulation No.55 of 2008 concerning the Imposition of Export Duties on Exported Goods (Gov. Reg. 55/2008), export prices for the calculation of export duties are set by the Minister of Finance. In this regard, the Minister of Finance sets the export prices as per the export benchmark prices which are set periodically by the Minister of Trade after coordinating with the minister/head of non-departmental government agencies/heads of related technical agencies.

In this regard, the Minister of Finance has released the Minister of Finance Decree No. 19/KM.4/2021 concerning the Stipulation of Export Prices for the Calculation of Export Duties (MoF Decree 19/2021). Through the decree signed on 31 May 2021, the Minister of Finance stipulates export prices for the calculation of export duties on three types of commodities.

First, the export prices for the calculation of export duties on exported goods in the form of wood and leather. Details of export prices for wood and leather are listed in Appendix A of MoF Decree 19/2021. Referring to the appendix, export goods in the form of leather are segmented into three groups, i.e. raw hides and skins from animals, hides and pickled skins from animals, and tanned hides from animals.

Exported goods in the form of wood, on the other hand, are segmented into three groups, i.e. veneer, wood chips, and processed wood. As for veneer wood, the export price is set from US$400/$M^3$ to US$800/$M^3$ depending on the type. Furthermore, for wood chips, in the form of chips/shards and wood, the price is US$61/ton. Next, for processed wood, the export price is set at US$300/$M^3$ to US$3,500/$M^3$, depending on the type.

Second, the export prices for the calculation of export duties on exported goods in the form of cocoa beans. Details of export prices for cocoa beans are listed in Appendix B of MoF Decree 19/2021. Referring to the appendix, the export price of cocoa beans included in the HS Code 1801.00.00 is set at US$2,169/MT.

Third, the export prices for the calculation of export duties on exported goods in the form of metal mineral processing products and metal mineral products with certain criteria. Details of export prices for metal mineral processing products and metal mineral products with certain criteria are listed in Appendix C of MoF Decree 19/2021.

In addition to setting export prices, MoF Reg. 19/2021 includes reference prices set by the Minister of Trade for two types of commodities. *First*, the reference price for palm oil, Crude Palm Oil (CPO), and its derivative products as well as mixed products from CPO and its derivative products is set at US$1,223.90/MT. *Second,* the reference price for cocoa beans is set at US$2,455.82/MT.

Through this decree, the Minister of Finance also emphasizes that the types of exported goods subject to export duties and the amount of the export duty tariff are as stated in Appendix II of the Minister of Finance Regulation No. 166/PMK.010/2020 concerning the Second Amendment to the Minister of Finance Regulation No. 13/PMK.010/2017 concerning the Stipulation of Exported Goods Subject to Export Duties and Export Duty Tariffs (MoF Reg. 166/2020).

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MoF Decree 19/2021 comes into force from 1 June 2021 to 30 June 2021. However, in the event that the export prices stipulated under MoF Decree 19/2021 have expired and new export prices are not yet stipulated, the export prices stipulated under MoF Decree 19/2021 shall remain in effect as the basis for calculating export duties until new export prices are set.

Guidelines for the Implementation of the Functional Position of Tax Dissemination Officers and Tax Dissemination Officer Assistants

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The government has issued two regulations concerning the guidelines for the implementation of the functional position of tax dissemination officers and tax dissemination officer assistants. The implementation of the functional position of tax dissemination officers is stipulated under the Minister of Finance Regulation No. 58/PMK.03/2021 concerning Guidelines for the Implementation of the Functional Position of Tax Dissemination Officers (MoF Reg. 58/2021). Promulgated on 4 June 2021, this ministerial regulation has come into force thereafter.

Guidelines for the implementation of the functional position of tax dissemination officer assistants, on the other hand, are listed in the Minister of Finance Regulation No. 59/PMK.03/2021 concerning Guidelines for the Implementation of the Functional Position of Tax Dissemination Officer Assistants (MoF Reg. 59/2021). This regulation has been in effect as of 3 June 2021.

The two ministerial regulations have been issued with respect to the professional and career development for the functional position of tax dissemination officers and tax dissemination officer assistants. As such, it is necessary to stipulate instructions for the implementation of the functional position of tax dissemination officers by the head of the agency supervising the functional position of tax dissemination officers.

As per Article 2 paragraph (1) of MoF Reg. 58/2021 and MoF Reg. 59/2021, tax dissemination officers and tax dissemination officer assistants serve as functional technical implementers in the dissemination division of the Ministry of Finance. Tax dissemination officers and tax dissemination officer assistants are under and directly responsible to small leaders, administrator officials, or supervisory officials who are related to the implementation of the tax dissemination officers' functional position.

The position of tax dissemination officers and tax dissemination officer assistants is stipulated in the job mapping based on the analysis of the duties and functions of the work units, job analysis, and workload analysis and is carried out as per statutory provisions. The functional position of tax dissemination officers constitutes a functional position in the expertise category. Job levels of tax dissemination officers consist of expert level I tax dissemination officers, expert level II tax dissemination officers, and expert level III tax dissemination officers.

The functional position of tax dissemination officer assistants constitutes a functional position in the skill category. Job levels of tax dissemination officer assistants consist of skilled level I tax dissemination officer assistants, skilled level II tax dissemination officer assistants, and skilled level III tax dissemination officer assistants.

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Tax dissemination officers and tax dissemination officer assistants are appointed by the employment supervisory officers (*Pejabat Pembina Kepegawaian*/PPK) or the competent authority as per statutory provisions. MoF Reg. 58/2021 and MoF Reg. 59/2021 also outline the provisions on the appointment of civil servants (*Pegawai Negeri Sipil*/PNS) to the functional position of tax dissemination officers or tax dissemination officer assistants. The appointment is carried out through the initial appointment, transfer from another position, adjustments/inpassing, and promotions.

Further, MoF Reg. 58/2021 and MoF Reg. 59/2021 stipulate the minimum credit score and maintenance credit score targets for the functional position of tax dissemination officers and tax dissemination officer assistants. The minimum annual credit score target for the functional position of tax dissemination officers is set at least 12.5 for expert level I tax dissemination officers, 21 for expert level II tax dissemination officers, and 37.5 for expert level III tax dissemination officers.

The credit score target does not apply to expert level I tax dissemination officers and expert level II tax dissemination officers who have met the requirements for a promotion to a higher level but no vacancies are available at the job level to be occupied. The credit score target does not apply to expert level III tax dissemination officers with the highest rank in the job level they occupy. The stipulated minimum credit score target required for tax dissemination officers is used as the basis for the preparation and assessment of Employee Performance Targets (*Sasaran Kinerja Pegawai*/SKP).

There is also a maintenance credit score target for tax dissemination officers. The number of tax dissemination officers who have met the requirements for promotion to a higher level but no vacancies are available at the job level to be occupied is set at 10 for expert level I tax dissemination officers and 20 for expert level II tax dissemination officers. Expert level III tax dissemination officers occupying the highest rank in their job level must collect at least 20 credit scores annually since they occupy their rank.

The minimum annual credit score target for the functional position of tax dissemination officer assistants is set at least 5 for skilled level I tax dissemination officer assistants, 12.5 for skilled level II tax dissemination officer assistants, and 25 for skilled level III tax dissemination officer assistants. The credit score target does not apply to skilled level I tax dissemination officer assistants and skilled level II tax dissemination officer assistants who have met the requirements for a promotion to a higher level but no vacancies are available at the job level to be occupied.

The credit score target does not apply to skilled level III tax dissemination officer assistants with the highest rank in the job level they occupy. The stipulated minimum credit score target required for tax dissemination officers is used as the basis for the preparation and assessment of SKP.

Next, tax dissemination officer assistants who have met the requirements for promotion to a higher level but no vacancies are available at the job level to be occupied must meet the credit score target every year. The minimum target credit score is 4 for skilled level I tax dissemination officer assistants and 10 for skilled level II tax dissemination officer assistants.

Under Article 15 of MoF Reg. 58/2021 and MoF Reg. 59/2021, educational certificates may be recognized and taken into account as an element of professional development or support. The two regulations also outline provisions on performance appraisal, proposals, assessments, and stipulation of credit scores.

Further, promotions for tax dissemination officers and tax dissemination officer assistants may be considered if they meet three requirements. First, having served for a minimum of two years in the last rank. Second, fulfilling the credit score specified for promotion to a higher level. Third, every element of work performance for the last two years scores well. On another note, this ministerial regulation stipulates provisions on the dismissal and reappointment schemes for tax dissemination officers or tax dissemination officer assistants.

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Ratification of the New Tax Treaty between Indonesia and Singapore

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The Indonesian government has officially ratified the new tax treaty (*Perjanjian Penghindaran Pajak Berganda*/P3B) between Indonesia and Singapore.

The ratification of the new tax treaty between Indonesia and Singapore is outlined in the Presidential Regulation of the Republic of Indonesia No. 35 of 2021 concerning Ratification of the Agreement between the Government of the Republic of Indonesia and the Government of the Republic of Singapore for the Elimination of Double Taxation with Respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance (Pres. Reg. 35/2021).

The tax treaty has been renewed to improve bilateral relations between Indonesia and Singapore, specifically, cooperation in the economic sector. On another note, the tax treaty has also been updated to adapt to the latest developments in international tax standards.

The Indonesian and Singaporean governments reached an agreement in a negotiation for the renewal of the Tax Treaty on 4 February 2020 in Bogor. The new tax treaty will replace the tax treaty between Indonesia and Singapore signed on 8 May 1990 in Singapore.

In general, under the new tax treaty, the two countries agree to lower the royalty tax rate from 15% to two layers, i.e. 10% and 8%. In addition, the branch profit tax rate has also been reduced from 15% to 10%.

Next, the most favored nation (MFN) clause or equal treatment for all members in the taxation arrangements of production sharing contracts and contracts of work related to the oil, gas, and mining sectors has been abolished.

A copy of the original text of the tax treaty between the Governments of Indonesia and Singapore, both in Indonesian and in English, is attached in Pres. Reg. 35/2021.

Ratification of the New Tax Treaty between Indonesia and the United Arab Emirates

Meet Our Experts

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speak in international events, such as the 22nd Annual International Wealth Transfer Practice Conference, in London and Rust Conference 2019 entitled "Controlled Foreign Company Legislation," held by Institute for Austrian and International Tax Law and Vienna University of Economics and Business, 4-6 July 2019, in Rust, Austria.

Yurike Yuki is a Senior Specialist of Transfer Pricing Services at DDTC. She has attended a number of international courses and seminars, i.e. "Advanced Transfer Pricing Course (General Topics)" in Vienna, Austria (2018), "Basic and Intermediate Licensing Course" in Singapore (2019), "IBFD Webinar "Transfer Pricing, R&D and Intangibles Under Attack" (2020), and "Videoconference 11th meeting of the OECD/G20 Inclusive Framework on BEPS, Tax Challenges Arising from Digitalisation and the Future of International Taxation" (2021). The Licensed Tax Attorney is Certified A of Indonesian Tax Consultant Examination and Certified in Principles of International Taxation and Transfer Pricing from the Chartered Institute of Taxation, United Kingdom.

The Indonesian government has officially ratified the new tax treaty (*Perjanjian Penghindaran Pajak Berganda*/P3B) between Indonesia and the United Arab Emirates.

The ratification of the new tax treaty between Indonesia and the United Arab Emirates is outlined in the Presidential Regulation of the Republic of Indonesia No. 34 of 2021 concerning Ratification of the Agreement between the Government of the Republic of Indonesia and the Government of the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Pres. Reg. 34/2021).

The tax treaty has been renewed to improve bilateral relations between Indonesia and the United Arab Emirates, specifically, cooperation in the economic sector. On another note, the tax treaty has also been updated to adapt to the latest developments in international tax standards.

The Indonesian and United Arab Emirates governments reached an agreement in a negotiation for the renewal of the Tax Treaty on 24 July 2020 in Bogor. The new tax treaty will replace the tax treaty between Indonesia and the United Arab Emirates signed on 30 November 1995.

The changes listed in the new tax treaty include the addition of Article 12A which stipulates fees for technical services.

A copy of the original text of the tax treaty between the Governments of Indonesia and the United Arab Emirates, both in Indonesian and in English, is attached in Pres. Reg. 34/2021.

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