



# **GUITAR** Risk Assessment

Guidance on International Tax and Anti-avoidance Rules

## FOREWORD



The international tax avoidance issue is one of the most dominant tax issues in the last decade. To prevent tax avoidance practices, governments in various countries -including Indonesia- generally formulate various anti-avoidance rules and establish tax cooperation between authorities. Inevitably, the tax risk of transactions performed with affiliates and/or non-resident taxpayers is increasing.

In Indonesia, the Harmonisation of Tax Regulations Law and the derivative provisions thereto evidence a new round of intense efforts to prevent tax avoidance practices, specifically, those related to base erosion and profit shifting. This is evident from the increasingly diverse, stronger and more detailed anti-tax avoidance instruments. The government also regulates the principle of substance over form which may be employed when specific anti-avoidance rules (SAAR) cannot prevent aggressive tax planning.

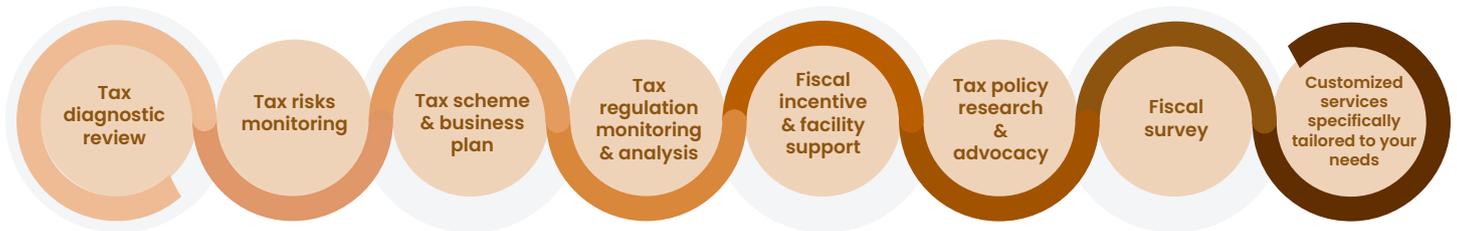
The government, on the other hand, implies increasingly intense cooperation and coordination between Indonesia and other jurisdictions in combating tax avoidance practices, both through bilateral and multilateral schemes. Moreover, the government has also prepared a legal basis to welcome the implementation of a global tax consensus which includes tax rights for market jurisdictions and the global minimum tax.

These landscape changes undoubtedly raise a fundamental question for corporate taxpayers, specifically, corporate groups. How is the balance between optimising the company's commercial aspects and remaining compliant with existing tax regulations maintained? Departing from this issue, DDTC Fiscal Research & Advisory is here as a partner to guide you towards that goal.

  
**Darussalam, S.E., Ak., CA., M.Si., LLM Int. Tax**  
Founder, DDTC

## OUR RESEARCH & ADVISORY SERVICES

DDTC Fiscal Research & Advisory (FRA) provides all-inclusive tax services aimed to help you reach your business objectives. We realize that businesses and tax system are presently evolving faster than ever, more often not in the same direction. Inevitably, business decisions have to take tax risks into consideration.



**Our service range encompasses the entirety of your business cycle, from initial investment, expansion, transactions, to business evaluation.**

**Ensuring a balance between the company's commercial goals and compliance with tax provisions when conducting international or intra-affiliate transactions is essential to prevent possible tax risks.**

## WHY ARE THE ISSUES OF INTERNATIONAL TAXES AND ANTI-AVOIDANCE RULES ESSENTIAL?



Corporate taxpayers –specifically those in a business group– generally have transactions, schemes and arrangements **with affiliated parties and/or non-resident taxpayers** of a fairly substantial amount.



One of the tax revenue policy agendas focuses on corporate taxpayers' compliance –specifically, those in business groups–, including **combating tax avoidance practices**. The agenda also takes into account the high proportion of corporate income tax revenues, amounting to almost one-fifth of Indonesia's total tax revenues.



Through the Harmonisation of Tax Regulations Law, the government **modifies, strengthens and expands tax avoidance prevention instruments**. International tax cooperation with partner countries also helps narrow offshore tax evasion and international tax avoidance practices.



Despite the great uncertainty stemming from the issues of international tax and anti-avoidance rules, numerous corporations and groups are devoid of the **ability to map and identify these risks**. This leads to the inability to make appropriate and prompt decisions on risk management.



Changes to these provisions **increase the tax risks that will be faced by corporate taxpayers**. Not only do these risks cover disputes and penalties, but also relate to the taxpayers' reputation.





## OUR FEATURED PRODUCT

# GUITAR Risk Assessment

## Guidance on International Tax and Anti-avoidance Rules

Reviewing all transactions, schemes and arrangements within the scope of the issues of international tax and anti-avoidance rules. The review includes formal legal and economic substance

- Analysing (legal interpretation) the extent to which anti-avoidance rules and international tax cooperation performed by Indonesia may impact every transaction, scheme and arrangement

- Quantitative analysis of risk probability (likelihood), tax costs and the magnitude of tax risk of every transaction, scheme and arrangement

- Providing brief scenario analysis to corporate decision makers concerning strategic measures to be undertaken based on a priority scale

- Recommending follow-ups of risk assessment findings

## We are a local tax institution with global knowledge

### Domestic



**14** Master Degrees in Accounting, Taxation, Law, Business, and Economics from leading universities in Indonesia

### International



**14** Advanced Diplomas in International Taxation (ADIT) of the Chartered Institute of Taxation (UK)



**11** Master Degrees in International Taxation from leading university abroad



**1** Diploma in International Taxation of International Tax Center, Leiden University (Netherlands)



**1** Bachelor Degree (LL.B) in Taxation Law (Fiscal Reccht) from Leiden University (Netherlands)



**28** Certificates Holder of International Tax Certificate from the Chartered Institute of Taxation (UK)



**29** Certificates Holder of Transfer Pricing from Chartered Institute of Taxation (UK)



- Our comprehensive and in-depth analysis is supported by data and literatures available in our library which is one of the most complete source for taxation literatures in Indonesia

- Our training facilities are well-developed to render a convenient and modern atmosphere for knowledge transfer.

We actively share knowledge through **literature**, including **books, journals, articles and magazines**

## Books



## International Publication

We contributes in the writing of (parts of) various domestic and International books and also journals.

## Indonesian Tax Manual (ITM)

ITM outlines tax-related key issues in the Indonesian tax system, ranging from the latest tax development, general provisions and tax procedures, international taxation, transfer pricing, CIT & PIT, VAT, withholding taxes, excise, fiscal incentives, to local taxes.



## Working Paper

Our working paper is a series of technical papers which deal with taxation problems in Indonesia and global. The papers contain advanced perspectives both for conceptual and analytic studies, supported by a reliable source of information.



## OUR SUPPORTING PLATFORM



[news.ddtc.co.id](http://news.ddtc.co.id)



[perpajakan-id.ddtc.co.id](http://perpajakan-id.ddtc.co.id)



+62 811-1887-812



[fra@ddtc.co.id](mailto:fra@ddtc.co.id)

**Menara DDTC**

Jl. Raya Boulevard Barat Blok XC 5-6 No.B  
Kelapa Gading Barat, Kelapa Gading  
Jakarta Utara 14240- Indonesia

Phone: +6221 2938 2700

Fax: +6221 2938 2699

[ddtc.co.id](http://ddtc.co.id)

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