

Indonesia notification on MLI BEPS

Indonesia confirms completion of its internal procedures for the entry into effect of MLI changes for 22 tax treaties - treaty changes in effect from 1 January 2021

On 26 November 2020, pursuant to Article 35(7)(b) of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI"), Indonesia deposited its notification confirming the completion of its internal procedures for the entry into effect of the changes to 22 of its tax treaties/ covered agreements ("Notification"). The Notification covers 22¹ out of the 47 covered agreements that Indonesia intends to be covered by the MLI according to the ratification instrument for the MLI deposited by Indonesia in April 2020.

- 1 Australia, Belgium, Canada, Denmark, Finland, France, India, Japan, Luxembourg, Netherlands, New Zealand, Poland, Portugal, Qatar, Russia, Serbia, Singapore, Slovak Republic, South Korea, Sweden, United Arab Emirates, and United Kingdom.



**Building a better
working world**

Treaties covered in the Notification

Given the Notification, the provisions of the MLI will generally apply for the 22 covered agreements stipulated, as follows:

- ▶ With respect to **taxes withheld at source** on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2021; and
- ▶ With respect to **other taxes**, for application of the treaty by the other jurisdiction, for taxes levied with respect to taxable periods beginning on or after 26 June 2021.²
- ▶ For **Indonesia's own application of the MLI in respect of other taxes**, MLI will apply for taxes levied with respect to taxable periods beginning on or after 1 January 2022.³

However, we note that the provisions on entry into effect are relatively complex and vary between jurisdictions, depending on their elections and reservations. Groups with transactions between parties in Indonesia and these 22 jurisdictions should seek advice on potential impacts of the MLI on taxation outcomes.

Treaties not covered by the Notification

There remain 25 covered agreements not yet covered by a notification under Article 35(7)(b), and the relevant treaty changes can therefore not yet take effect. Note, these include some treaties where both parties have ratified.

Where groups have transactions subject to Indonesia's treaties with these other jurisdictions, they should monitor developments in this area, including future steps to ratify MLI positions, and future notifications issued by Indonesia under article 35(7)(b).

Next steps

Our MLI Tool at <https://mli.ey.com/match> provides a useful resource to understand the status of changes between selected jurisdictions.

This is a complex area - please reach out to your EY Tax contact with further questions.

2 i.e. 6 months following 30 days after the Notification - Art 35(1)(b). However, note this may vary depending on the reservations of the other jurisdiction.

3 Pursuant to Art 35(3) - the first calendar year starting after 30 days plus six months from the Notification

Our Values

Who we are:

At EY, everything starts with our people:

- ▶ People who demonstrate integrity, respect and teaming.
- ▶ People with energy, enthusiasm and the courage to lead.
- ▶ People who build relationships based on doing the right thing.

What we stand for:

Achieving Potential - Making A Difference

We are committed to helping our people, our clients and our wider communities achieve their potential.

Sectors we serve in Indonesia

▶ Banking & capital markets	▶ Oil & gas	▶ Transportation	▶ Industrial & manufacturing
▶ Asset management	▶ Media & entertainment	▶ Real estate	▶ Automotive
▶ Insurance	▶ Telecommunications	▶ Consumer products	▶ Government & public sector
▶ Power & utilities	▶ Technology	▶ Pharmaceuticals	▶ Not-for-profit organizations
▶ Mining & metal	▶ Public infrastructure	▶ Plantation	

Contact us

Tax Services Leader	Phone	Mobile	E-mail
Santoso Goentoro	+62 21 5289 5584	+62 816 893 648	santoso.goentoro@id.ey.com

Partner / Director / Senior Advisor	Phone	Mobile	E-mail
A. Business Tax			
Yudie Paimanta	+62 21 5289 5585	+62 816 893 687	yudie.paimanta@id.ey.com
Dodi Suryadarma	+62 21 5289 5236	+62 815 10000 490	dodi.suryadarma@id.ey.com
Bambang Suprijanto	+62 21 5289 5060	+62 811 326 597	bambang.suprijanto@id.ey.com
Nathanael Albert	+62 21 5289 5265	+62 811 950 926	nathanael.albert@id.ey.com
Sri Rahayu	+62 21 5289 5485	+62 816 883 281	sri.rahayu@id.ey.com
Henry Tambingon	+62 21 5289 5033	+62 816 166 1142	henry.tambingon@id.ey.com
B. International Tax and Transaction Services			
Ben Koesmoeljana	+62 21 5289 5030	+62 819 0569 8899	ben.koesmoeljana@id.ey.com
Triadi Mukti	+62 21 5289 5090	+62 816 186 0037	triadi.mukti@id.ey.com
Prasetya H. Lam	+62 21 5289 5022	+62 812 9900 8168	prasetya.h.lam@id.ey.com
Peter Ng	+62 21 5289 5228	+62 815 1800 790	peter.ng@id.ey.com
Jonathon McCarthy	+62 21 5289 5599	+62 815 1909 0233	jonathon.mccarthy@id.ey.com
Peter Mitchell	+62 21 5289 5232	+62 813 8185 4671	peter.mitchell@id.ey.com
Micky M Soeradiredja	+62 21 5289 5245	+62 812 8007 510	micky.mintarsyah@id.ey.com
Ryosuke Seto	-	-	ryosuke.seto@id.ey.com
C. Indirect Tax			
Iman Santoso	+62 21 5289 5250	+62 811 884 267	iman.santoso@id.ey.com
Elly Djoenaidi	+62 21 5289 5590	+62 816 893 689	elly.djoenaidi@id.ey.com
D. People Advisory Services			
Kartina Indriyani	+62 21 5289 5240	+62 811 868 336	kartina.indriyani@id.ey.com
Lusi Lubis	+62 21 5289 5262	+62 811 875 479	lusi.lubis@id.ey.com
E. Japanese Client Contact			
Yuichi Ohashi	+62 21 5289 4080	+61 821 1895 3653	yuichi.ohashi@id.ey.com

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2021 Purwantono, Suherman & Surja Consult
A member firm of Ernst & Young Global Limited
All Rights Reserved.

APAC No. 00000499

ey.com/id