

Indonesia's Director General of Taxation (DGT) has issued a new Regulation No. PER-25/PJ/2018 (PER-25-2018) revising the anti-tax-treaty-abuse rules in Indonesia. PER-25-2018 is effective as of 01 January 2019.

PER-25-2018 introduces a simplified Certificate of Domicile (DGT Form). Compared to the old version, the key changes in the new DGT Form are summarized below:

No.	Features	Old DGT Form	New DGT Form
1	Regulation	PER-10-2017	PER-25-2018
2	Effective Date	01 August 2017, valid up to 31 Dec 2018	01 January 2019
3	Type of Form	2 types of form (DGT-1 Form and DGT-2 Form)	1 type of form (DGT Form)
4	Number of Pages	3 pages for DGT-1 Form 2 pages for DGT-2 Form	2 pages
5	Content:	Type of Income earned from Indonesia (e.g. service fees, royalty, dividend, interest) and Amount of Transactions must be filled-in	No need to fill-in Type of Income and Amount.
6	Submission of DGT Form	Every month as the attachment of monthly tax return	Once within the period covered by the DGT Form
7	Submission channel	Manual	Electronic
8	Tax Period covered	Maximum of 12 months, can not exceeding the calendar year (e.g. March 2018 - Dec 2018)	Maximum of 12 months, and may extend beyond the calendar year (e.g. March 2019 - Feb 2020)

WHICH PARTS/SECTIONS OF THE DGT FORM MUST BE COMPLETED?

This new DGT Form consists of 7 (seven) Parts which must be completed by foreign parties depending on the type of the foreign parties.

Foreign Party - INDIVIDUALS:

- Part I : Data of the foreign party
- Part II : Certification of DGT Form by the foreign tax authority or CoD issued by the foreign tax authority
- Part IV : Tests of treaty abuse
- Part VII : Declaration by the foreign party and residency status
(leave blank for all other Parts)

Foreign Party - BANKS & PENSION FUNDS:

- Part I : Data of the foreign party
- Part II : Certification of DGT Form by the foreign tax authority or CoD issued by the foreign tax authority
- Part III : Declaration by the foreign party and tests of treaty abuse
(leave blank for all other Parts)

Foreign Party - OTHER ENTITIES:

- Part I : Data of the foreign party
- Part II : Certification of DGT Form by the foreign tax authority or CoD issued by the foreign tax authority
- Part V : Tests of treaty abuse
- Part VI : Tests of beneficial ownership (for dividends, interest, or royalties only)
- Part VII : Declaration by the foreign party and residency status
(leave blank for all other Parts)

Administrative Procedures:

1. The foreign party completes the DGT Form and send it to the first Indonesian party.
(The first Indonesian party: the Indonesian party who has the earliest transactions with the foreign party)
2. The first Indonesian party submits the information of the DGT Form through the electronic system administered by the DGT.
3. A Receipt of DGT Form will be issued by the DGT, and the first Indonesian party must forward it to the foreign
4. The first Indonesian party should keep the original DGT Form, and provide to the DGT (if requested).
5. The foreign party does not have to prepare a new DGT Form for subsequent transactions during the period
If the foreign party has transactions with several parties in Indonesia, the foreign party only needs to provide the copies of the Receipt of DGT Form to the other/subsequent Indonesian parties.
6. The Indonesian parties must prepare a Withholding Tax Slip for every transaction with foreign party.
7. The Indonesian parties must submit Monthly Tax Return to the tax office (*even though no tax withheld*) and attach the Receipt of the DGT Form.
(This requirement is part of process of gathering information on all business activities of foreign entities in Indonesia. If the foreign entities undertakes multiple activities in Indonesia, these will come on the radar screen of the Indonesian Tax Office).