

GMS Flash Alert

2018-010 | January 15, 2018



Indonesia - Tax Treaty Benefits, Revised Certificate of Domicile Rules

In 2017, the Director General of Taxation (DGT) issued regulation PER-08/PJ/2017 regarding the certificates of domicile for Indonesian tax residents (Surat Keterangan Domisili Bagi Subjek Pajak Dalam Negeri Indonesia - SKD SPDN). The new regulation revoked and replaced the former regulation PER-35/PJ/2010.

WHY THIS MATTERS

Although most of the revisions are administrative, monthly tax returns and payments (if applicable) must be current to obtain approval and a separate certificate of domicile (COD) is required for each country. Dual resident expatriate employees should apply for this COD to secure this exemption from tax in the other country.

Background

Indonesia has entered into a double taxation treaty with 63 countries, which generally regulates the taxing right of the source country. Obtaining a Certificate of Domicile (COD) from the Indonesian Tax Authorities will allow Indonesian resident taxpayers to claim tax treaty benefits in the corresponding country where they are also subject to tax. For example, a taxpayer who qualifies for dual tax residency may need a COD from Indonesia to help ensure that his Indonesian salary is only subject to income tax in Indonesia and is not subject to double taxation in the other country of residence.

PER-08/PJ/2017 Summary

Under this regulation, a resident taxpayer may request a COD to be issued for the following:

Tax Year/Period	Timing when COD is submitted	Condition for approval
Current tax year	Anytime during the year	The latest Article 25 monthly tax return due has been submitted (if applicable)

Previous tax years	Before annual tax return date	The latest Article 25 monthly tax return due has been submitted (if applicable)
	Before extended return due date	A request for extension to file the annual tax return has been submitted
	After annual or extended tax return due date	The annual tax return for the relevant year has been submitted

Other conditions and requirements in the new regulation are as follows:

Details	OLD Based on PER-35/PJ/2010	NEW Based on PER-08/PJ/2017
Form name	Form – DGT 6	Form SKD SPDN
Submission format	Hard copy	Hard copy and soft copy
Indonesian Tax Identification Number	Required	Required
Number of countries where treaty benefit will be applied	One COD could be used for several countries	A different COD must be used for each country
COD tax year and tax period	Not required	Required
Offshore counterpart information	Not required	<ul style="list-style-type: none"> • Name • Tax identification number • Transaction value in foreign currency and IDR
Request to utilize special form from the corresponding country's tax authority	Not regulated	Regulated and available
Processing time	5 days	10 days
Validity	12 months from the date of issuance	12 months from the date of issuance

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Indonesia.



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