



FY2026 SEA TP Guide: Indonesia

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Regulatory framework

Governing laws and guidelines	Article 18 of the Income Tax Law and MoF Regulation No. 172 of 2023.
OECD alignment	Generally follows the Organization for Economic Co-operation and Development (OECD) Guidelines but with local adaptations.



Documentation requirements

Type of requirement	<ul style="list-style-type: none"> • Annual compliance aligned with local TP regulations. • Includes Local File, Master File, and Country-by-Country (CbC) Reporting, if thresholds are met. • Compliance with arm's length principle for all related party transactions, irrespective of documentation thresholds.
Threshold	<ul style="list-style-type: none"> • A taxpayer must prepare a Local File and a Master File if it meets any one of the following conditions: <ul style="list-style-type: none"> – Gross revenue in the preceding tax year exceeds IDR 50 billion. – Transactions involving tangible goods with related parties in the preceding tax year exceed IDR 20 billion. – Transactions involving services, royalties, interest, or other payments to related parties in the preceding tax year exceed IDR 5 billion. – Any related-party transaction with an affiliated party located in a jurisdiction with a corporate tax rate lower than Indonesia's (22%), regardless of the transaction value. • A taxpayer that qualifies as a parent entity of a business group with consolidated gross revenue of at least IDR 11 trillion in the preceding tax year must prepare and submit a CbC Report.
Deadline	<ul style="list-style-type: none"> • Local File and Master File must be available within 4 months after the fiscal year-end and must be submitted upon request. • CbC Report and notification: due within 12 months after the fiscal year-end.
Country-specific requirements	<ul style="list-style-type: none"> • Local File and Master File include certain additional details beyond OECD requirements. • Transactions involving commodities require additional specified disclosures in the Local File, for both related-party and third-party transactions. • Emphasis on the ex-ante approach in the transfer pricing analysis, i.e., use of the data that existed at the time the related-party transactions are conducted. • Documentation of preliminary stage analysis on the substance check, particularly for the transactions involving intangibles, intragroup services, and financial transactions. • Thin-capitalization rules prescribe a maximum debt-to-equity ratio of 4:1.

Safe harbors	No safe harbors exist in the local TP regulations.
Penalties	<ul style="list-style-type: none"> • Incomplete Corporate Income Tax Return (CITR): subject to a penalty of IDR 1 million. • Failure to submit upon written warning: tax authorities may issue a Tax Underpayment Assessment Letter, with a 50% penalty on the underpaid tax amount. • Non-compliance provides authority to the tax office to conduct audit based on the available material and disregard the documentation submitted belated.



Transfer pricing forms and reporting deadline

Type of requirement	<ul style="list-style-type: none"> • Annual compliance • Two types of forms: <ul style="list-style-type: none"> – Form 3A/3A-1: all related-party transactions must be disclosed in the return should also include type of transactions, related-party transacting entities, value of transactions, and the TP method applied. – Declaration in relation to compliance with documentation requirement: must be attached to the CITR and includes the date of preparation and sign-off by the company.
Deadline	Submitted as part of the tax return, which is due within 4 months after the end of the fiscal year.



Alternate dispute resolution

Advance pricing arrangements (APAs)	<ul style="list-style-type: none"> • APAs are available and can be unilateral, bilateral, or multilateral. • Valid for up to 5 years. • Rollback is available as long as the tax audit is not completed, and the statute of limitations (5 years) has not expired, among others. • No filing fee for APAs. • The application must be submitted between 6 and 12 months before the proposed start date of the first APA-covered year. • The process takes approximately 18-24 months. Extensions are possible in certain specific cases.
Mutual agreement procedure (MAP)	<ul style="list-style-type: none"> • MAP is available, with filing periods governed by tax treaties. If not specified, the period is 3 years. • MAP requests do not suspend tax collections. • a resolution is expected within 24 months. Extension is possible in certain specific cases.



Other local peculiarities

Tax audits	<ul style="list-style-type: none"> • Mandatory tax audits in case of overpayment tax return, with a deadline of 1 year from the date of submission of the tax return. • Risk-based criteria for selection of taxpayers for audit, in other cases.
Secondary adjustments	<ul style="list-style-type: none"> • Any primary transfer pricing adjustments made by the tax office are also re-characterized as "deemed dividend" subject to imposition of withholding tax, commonly known as "secondary adjustment". • The transfer pricing adjustment to undervalued selling price also attracts a secondary adjustment in the form of VAT on the differential amount. • An exemption from secondary adjustment applies where the taxpayer repatriates cash or its equivalent relating to the primary adjustment before the issuance of the tax assessment letter and the taxpayer agrees to the transfer pricing adjustment by the DGT (i.e., the taxpayer forgoes its right to object and appeal).
Judicial precedents	<p>As Indonesia is a civil law jurisdiction, court decisions are not published and are not binding beyond the case and the parties.</p>
Developments and rising issues	<ul style="list-style-type: none"> • Indonesia recently issued updated and consolidated transfer pricing regulations (PMK-172) in December 2023. • Intra-group services, royalties, and loan transactions are heavily scrutinized. PMK-172 introduced more stringent broadened documentation requirements for such transactions. • PMK-172 strengthens the legal basis for the secondary adjustments, which are now made mandatory in case of transfer pricing adjustments during audits. • Domestic corresponding adjustments are introduced, subject to certain conditions.

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