

UNOFFICIAL TRANSLATION

ENGLISH TRANSLATION OF
REGULATION OF THE MINISTER OF FINANCE NUMBER 22/PMK.03/2020
ON
IMPLEMENTATION GUIDELINES OF ADVANCE PRICING AGREEMENT

Considering:

- a. that the provision regarding the implementation guidelines on Advance Pricing Agreement had been regulated in Minister of Finance Regulation Number 7/PMK.03/2015 on the Implementation Guidelines on Advance Pricing Agreement;
- b. that the provision regarding the implementation guidelines on Advance Pricing Agreement as referred to in point a has not fully conformed to the minimum standards in the Action Plan 14 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project and to improve the effectiveness of the provision and to provide legal certainty, primarily regarding the determination of transfer price, procedures, periods, and the implementation of an Advance Pricing Agreement, it is necessary to replace Minister of Finance Regulation Number 7/PMK.03/2015 on the Implementation Guidelines on Advance Pricing Agreement;
- c. that based on considerations, as referred to in point a and point b, and in order to implement the provisions of Article 59 of Government Regulation Number 74 of 2011 on Taxation Rights and Obligations Fulfillment Procedure, it is necessary to establish Regulation of the Minister of Finance on Implementation Guidelines on Advance Pricing Agreement;

Observing:

1. Article 17 Section (3) of The Constitution of The Republic of Indonesia 1945;
2. Law Number 7 of 1983 on Income Tax (State Gazette of the Republic of Indonesia of 1983 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 3263) as amended several times and last by Law Number 36 of



2008 on the Fourth Amendment to Law Number 7 of 1983 on Income Tax (State Gazette of the Republic of Indonesia of 2008 Number 133, Supplement to the State Gazette of Republic of Indonesia Number 4893);

3. Law Number 39 of 2008 on State Ministry (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);

4. Government Regulation Number 74 of 2011 on Taxation Rights and Obligations Fulfillment Procedure (State Gazette of the Republic of Indonesia of 2011 Number 162, Supplement to the State Gazette of the Republic of Indonesia Number 5268);

HAS DECIDED:

To issue: REGULATION OF THE MINISTER OF FINANCE ON IMPLEMENTATION GUIDELINES ON ADVANCE PRICING AGREEMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Ministerial Regulation:

- (1) Double Tax Avoidance Agreement, hereinafter referred to as Tax Treaty, means an agreement between the Indonesian Government and the Government of the treaty partner country or the treaty partner jurisdiction for the avoidance of double taxation and the prevention of fiscal evasion.
- (2) Treaty Partner Country or Treaty Partner Jurisdiction, hereinafter referred to as Treaty Partner, means a country or a jurisdiction bound with the Indonesian Government upon the Tax Treaty.
- (3) Mutual Agreement Procedure, hereinafter abbreviated as MAP, means the administrative procedure stipulated in the Tax Treaty to resolve issues arising from the application of Tax Treaty.
- (4) Competent Authority related to the implementation of the MAP, hereinafter referred to as Competent Authority, means the officials of Indonesia or the officials of Treaty Partner authorized to implement MAP as stipulated in Tax Treaty.
- (5) Advance Pricing Agreement, hereinafter abbreviated as APA, means a written agreement between:
 - a. Director General of Taxes and a taxpayer; or
 - b. Director General of Taxes and the Tax Authority of the Government of treaty partner which involves a Taxpayer,

	as referred to in Article 18 section (3a) of the Income Tax Law in order to agree upon transfer pricing criteria and/or to determine arm's length price or arm's length profit in advance.
(6)	Transfer Price means the price in a transaction that is influenced by special relationship.
(6)	APA Transcript means a document that contains the agreement between Director General of Taxes and Tax Resident of Indonesia concerning transfer pricing criteria and determination of advance transfer pricing in accordance with the arm's length principle throughout the APA Period and Roll-back.
(8)	Mutual Agreement means the results agreed upon in the application of Tax Treaty by the Competent Authorities of both Government of Indonesia and the Government of Treaty Partner regarding the implementation of MAP.
(9)	Unilateral APA means an APA between Director General of Taxes and Tax Resident of Indonesia
(10)	Bilateral APA means an APA between the competent authority of Indonesia and the competent authority of Treaty Partner based on the application of Tax Resident of Indonesia.
(11)	APA Period means taxable year covered in the APA in accordance with the application of a Tax Resident of Indonesia or in accordance with the mutual agreement not longer than 5 (five) taxable years since the taxable year where the APA application is submitted.
(12)	Roll-back means implementation of APA for taxable years prior to the APA Period.
(13)	Related Party means Party or Parties which have special relationship among them.
(14)	Related Party Transaction means transaction conducted by Taxpayer with Related Party
(15)	Transaction influenced by special relationship means transaction which covers: <ul style="list-style-type: none"> a. Related Party Transaction; and/or b. transaction conducted by non-related party however a related party of one or both the parties involved in the transaction control the party to transact with and the price of the transaction.
(16)	Independent Transaction means transaction conducted by non-related party and not influenced by special relationship.
(17)	Transfer Pricing means the determination of price in related party transaction.

(18) Arm's Length Principle means a principle that is applied in a sound business practice as observed in Independent Transaction.
(19) Transfer Pricing Documentation means documents made and retained by Taxpayer as the basis and reference in applying the Arm's Length Principle in its Transfer Pricing.
Article 2
(1) Tax Resident of Indonesia may apply for an APA to Director General of Taxes concerning a Related Party Transaction based on: <ul style="list-style-type: none"> a. Taxpayer's initiative, in form of Unilateral APA or Bilateral APA; or b. Written notification from Director General of Taxes in relation with a Bilateral APA application that is requested by a non-resident taxpayer to the competent authority of Treaty Partner.
(2) APA as referred to in section (1) may cover all or several of related party transactions during the APA Period and Roll-Back in the event that the Tax Resident of Indonesia requested Roll-back in its APA application.
(3) Related party transaction as referred to in section (2) may consist of related party transaction between Tax Resident of Indonesia and other Tax Resident of Indonesia and/or with other non-resident taxpayer.
(4) Roll-back as referred to in section (2) is applicable as long as in the taxable year: <ul style="list-style-type: none"> a. the facts and conditions of the related party transaction does not differ materially from the facts and conditions of the related party in the APA; b. the statute of limitation transaction agreed for tax assessment has not been surpassed; c. no corporate income tax assessment notice has been issued; and d. no criminal investigation is being conducted or criminal punishment is being served.
(5) APA as referred to in section (2) consist of agreement on: <ul style="list-style-type: none"> a. Transfer Pricing criteria; and b. Determination of Transfer Price in advance, for the APA Period and Roll-Back in the event that the Tax Resident of Indonesia requested Roll-back in its APA application
(6) Criteria as referred to in section (5) point a at least contains: <ul style="list-style-type: none"> a. the identity of the Related Party covered in the APA b. the related party transaction covered in the APA;

- c. the Transfer Pricing Method applied;
- d. how to apply the transfer pricing method agreed; and
- e. critical assumptions that influence the transfer pricing.

- (7) Critical assumptions as referred to in section (6) point e at least contains:
- a. written and non-written contractual terms in relation with the related party transaction;
 - b. function performed by each party to the transaction, asset being used and risk being assumed to occur and borne by each party;
 - c. characteristic of the transaction and characteristic of each party conducting the related party transaction; and
 - d. economic conditions that influence the transfer pricing.

- (8) Determination of transfer price in advance as referred to in section (5) point b is implemented by applying the arm's length principle according to the condition that have already occurred or predicted to occur during the APA Period.

Article 3

- (1) Based on the request as referred to in Article 2 paragraph (1), the Director General of Taxes is authorized to conclude an agreement with the Taxpayer and cooperate with the Treaty Partner Authority to determine the price of transaction between the Taxpayer and the Related Parties, over a specific period.

- (2) The Director General of Taxes shall have the authority to evaluate the agreement as referred to in paragraph (1) and to renegotiate after such period ends.

- (3) The Related Party relationship as referred to in paragraph (1) is a related party relationship as set forth in the Income Tax Law and the Value Added Tax Law.

Article 4

- (1) The related party relationship as referred to in Article 3 paragraph (3) is a condition of dependence or attachment of one party with the other as caused by:
- a. ownership or participation of capital;
 - b. control; or
 - c. familial relationship by blood relatives or marriage.

- (2) A condition of dependence or attachment between one party and the other as referred to in paragraph (1) shall be the condition where one or more parties:

- a. control the other party or parties; or
- b. are not independent,
in conducting business or in engaging in activities.

- (1) Related party relationship by ownership or participation of capital as referred to in the paragraph (1) letter a is deemed to exist in the case of:
- a. Taxpayers owning at least 25% (twenty-five percent) direct or indirect capital participation on the other Taxpayers;
or
 - b. the relationship between the Taxpayer with at least 25% (twenty five percent) capital participation in 2 (two) Taxpayers or more; or the relationship between the 2 (two) or more Taxpayers as lastly mentioned.

- (3) Related party relationship by control as referred to in paragraph (1) of letter b is deemed to exist in the case of:
- a. one party controls the other, or one party is controlled by the other, either directly and/or indirectly;
 - b. two or more parties are under the control of the same party, either directly and/or indirectly;
 - c. there exist the same person or persons directly and/or indirectly involved or participated in the managerial or operational decisions of two or more parties;
 - d. the parties are commercially or financially known to or declaring themselves as belonging to the same business group; or
 - e. one party declares itself in related party relationship with the other.

- (2) Related party relationship by blood relatives or marriage as referred to in paragraph (1) letter c is deemed to exist if there exist a familial relationship by blood or marriage within one degree of direct or indirect lineage.

CHAPTER II

PROCEDURES FOR SUBMISSION OF APPLICATIONS

Article 5

- (1) Domestic taxpayer as referred to in Article 2 paragraph (1) may submit APA applications insofar as:
- a. it has fulfilled the obligation to submit the Annual Corporate Income Tax Return based on the tax provisions for 3 (three) fiscal years prior to the fiscal year when APA application is submitted;

- b. it has been required and has fulfilled the obligation to produce and keep Transfer Price Documentation in the form of master file and local file based on tax provisions for 3 (three) fiscal years prior to the fiscal year when APA application is submitted;
- c. it is not currently under investigation for tax crime or currently under penalty for tax crime;
- d. the Related Party and Related Party Transactions proposed to be included in the APA application as referred to in Article 2 paragraph (2) are Related Party Transactions with Related Party that have been reported by the Taxpayer in the Annual Corporate Income Tax Return as referred to in letter a; and
- e. the proposed Transfer Pricing in the APA application is based on the arm's length principle and does not result in taxpayer's operating profit smaller than the operating profits as reported in the Annual Corporate Income Tax as referred to in letter a.

(2) Domestic taxpayer who applies for APA as referred to in paragraph (1) must submit the application to the Director General of Taxes through the Tax Office where the Taxpayer is registered.

- (3) Submission of an APA application as referred to in paragraph (2) must meet the following requirements:
- a. submitted in writing in the Indonesian language by filling in correctly, completely, and clearly the APA application form as listed in Attachment letter A which is an integral part of this Minister of Finance Regulation;
 - b. signed by the management whose name is listed in:
 - 1. deed of establishment; or
 - 2. deed of amendment, in the event of a change in management;
 - c. submitted in the period of 12 (twelve) months up to 6 (six) months prior to the start of the APA Period; and
 - d. enclosed with:
 - 1. a statement that the taxpayer is willing to complete all the documents required in the APA process; and
 - 2. a statement that the Taxpayer is willing to implement the APA agreement.

- (4) Submission of APA application as referred to in paragraph (3) can be done:
- a. directly; or
 - b. through certain channels as determined by the Director General of Taxes.

(5) The Director General of Taxes issues proof of receipt of the submission of the APA application as referred to in paragraph (4).

(6) The date stated in the proof of receipt as referred to in paragraph (5) is the date of receipt of the APA application.

Article 6

- (1) Based on the APA application as referred to in Article 5 paragraph (2), the Director General of Taxes shall review:
 - a. the completeness of the fulfillment of the requirements for filing an APA application based on the provisions referred to in Article 5 paragraph (3); and
 - b. fulfillment of the eligibility provisions for the Taxpayer to submit APA applications as referred to in Article 5 paragraph (1).
- (2) The Director General of Taxes continues on the results of review as referred to in paragraph (1) by issuing written notice on whether or not an APA application can proceed to:
 - a. Taxpayer; and
 - b. Competent Authority of Treaty Partner, in the case of a Bilateral APA application, within a period of 1 (one) month after the date of receipt as referred to in Article 5 paragraph (6).
- (3) In the event that the period of time as referred to in paragraph (2) has been exceeded and the Director General of Tax has not yet issued written notice, the APA application submitted by the Taxpayer is deemed actionable.
- (3) In the case of notification of a Bilateral APA application to Competent Authority of Treaty Partner not obtaining a written answer within 8 (eight) months from the date of the written notification as referred to in paragraph (2), the Director General of Tax shall issue a written notice terminating the APA process to:
 - a. Taxpayers who submit APA applications; and
 - b. Competent Authority of Treaty Partner.
- (4) On the event that APA application can proceed as referred to in paragraph (2) or deemed actionable as referred to in paragraph (3), the Taxpayer must submit the complete APA application directly to the Director General of Tax through the Director of International Taxation in the form of a printed copy (hardcopy) and digital copy (softcopy) no later than 2 (two) months after:
 - a. the date of notification that the APA application can proceed as referred to in paragraph (2); or
 - b. the expiration of 1 (one) month as referred to in paragraph (3).
- (4) The complete APA application as referred to in paragraph (5) shall be at least in the form of:
 - a. financial statements audited by a public accountant for the last 3 (three) fiscal years prior to the fiscal year when APA application is submitted;

<ul style="list-style-type: none"> b. Transfer Pricing Documentation for the last 3 (three) fiscal years prior to the fiscal year when APA application is submitted; and c. document containing a detailed explanation of the application of the arm's length principle for each Related Party Transaction that is proposed to be included in APA, in Indonesian language.
(7) Detailed explanation as referred to in paragraph (6) letter c contains at least the information as included in Attachment letter B which is an inseparable part of this Minister of Finance Regulation.
(8) The Director General of Taxes issues proof of receipt of the submission of the complete APA application, directly as referred to in paragraph (6).
(9) The date stated in the proof of receipt of the complete APA application as referred to in paragraph (8) is the date of receipt of the complete APA application.
(9) In the event that the complete APA application as referred to in paragraph (6) is not submitted by the Taxpayer within the period referred to in paragraph (5), the Director General of Taxes issues a written notification of termination of the APA process to: <ul style="list-style-type: none"> a. Taxpayer; and b. Competent Authority of Treaty Partner, in the case of Bilateral APA Applications.
(10) In the event that an APA application cannot proceed as referred to in paragraph (2) and the APA application is terminated as referred to in paragraph (4) and paragraph (10), the Taxpayer may re-submit the APA application insofar as it meets the provisions as referred to in Article 5 paragraph (1) and paragraph (3).
<p>CHAPTER III</p> <p>GUIDELINES OF COMPLETION APA APPLICATION</p>
<p>Part I</p> <p>Material Assessment of the Completion of APA Application</p>
<p>Article 7</p>
(1) Upon the APA application that has fulfilled the requirements as referred to Article 6 section (6), the Director General of Taxes shall conduct a material assessment.
(2) In the material assessment as referred to section (1), the Director General of Taxes is authorized to: <ul style="list-style-type: none"> a. carry out a review with the Taxpayer concerning the Taxpayer's APA application; b. visit the place of business of the Taxpayer and/or Taxpayer's Related Party;

- c. interview the management and/or employee of the Taxpayer;
- d. ask for the Taxpayer to provide additional data and/or information in the form of evidence, whether in form of document or statement;
- e. ask for the Related Party or other parties concerned to provide data and/or information in the form of evidence, whether in form of document or statement.

(3) In the event that material assessment are needed as referred to section (1), the Director General of Taxes may carry out audit for other purposes in accordance with the provisions of legislation on taxation.

(4) Audit for other purposes as referred to section (3), shall to conduct in the event Taxpayer:

- a. an audit has never been conducted related to the Transfer Price of the Related Transaction proposed in the APA as referred to in Article 2 paragraph (2) up to 3 (three) tax years prior to the tax year when the APA application is submitted; and/or
- b. propose Roll-back on APA application.

(5) Material assessment as referred to section (1) shall be conducted by applying Arm's Length Principle.

Part II
Arm's Length Principle Application

Article 8

(1) Arm's Length Principle as referred to Article 7 section (5) is applied to determine arm's length price.

(2) Arm's Length Principle as referred to section (1) is applied by comparing the conditions and price indicators between Related Party Transaction and Independent Transactions in comparable conditions and price indicators.

(3) Price indicators as referred to section (2) may be in the form of transaction price, gross profit, or net operating profit based on absolute value or certain ratio value.

(4) Transfer Price meet Arm's Length Principle in the event that Transfer Price indicator value is the same as comparable Independent Transaction indicator price.

(5) Transfer Price indicator value as referred to section (4) may be in the form of:

- a. arm's length point; or
- b. arm's length range.

(6) Arm's length point as referred to section (5) letter a are price indicator point formed from one or more comparisons that have the same price indicator value.

(7) Arm's length range as referred to section (5) letter b is price indicator range formed from two or more comparisons that have the different price indicator value, in the form of

- a. Minimum value up to maximum value (full range), in the event formed from two comparisons; or
- b. Interquartile range, in the event formed from three or more comparisons

- (8) In the event Transfer Price doesn't meet Arm's Length Principle as referred to section (4), the determination of the Transfer Price is carried out by the Independent Transaction price as determined:
- a. arm's length point;
 - b. the most appropriate point in the arm's length range according to the comparability;
 - c. median in the arm's length range, in the event the most appropriate point as referred to letter b could not be determined.

Article 9

- (1) The application of Arm's Length Principle as referred to Article 8 section (2) shall be conducted:
- a. based on actual conduct;
 - b. at the time of Transfer Pricing is formed and/or at the time of Related Party Transaction is formed;
 - c. in accordance with the stages of the application of Arm's Length Principle.

- (2) The stages of the application of Arm's Length Principle as referred to section (1) letter include:
- a. identify Related Party Transaction and Related Party;
 - b. analyze industries related to business activities of taxpayers, including identify factors that affect business performance in the industry;
 - c. identify commercial and/or financial relationships between the Taxpayer and the Related party by analyzing the transaction conditions;
 - d. comparability analysis;
 - e. determine the Transfer Pricing methods;
 - f. apply the Transfer Pricing methods and determine the arm's length price of Related Party Transaction.

Article 10

- (1) Transaction conditions as referred to Article 8 section (2) are the economically relevant characteristics for determining arm's length price, such as:
- a. the contractual terms, whether written or unwritten;
 - b. the function performed, assets used, and risks assumed by each of the parties to the transaction;
 - c. the characteristics of products (goods or services) are traded;
 - d. the economic circumstances; and
 - e. the business strategies pursued by the parties.

(2)	The contractual terms as referred to section (1) letter a are provisions that are implemented and/or apply to the parties conducting a transaction based on actual conduct, whether written or unwritten.
(3)	The function performed as referred to section (1) letter b is the activity and/or responsibility of the parties conducting a transaction in carrying out business activities.
(4)	The assets as referred to section (1) letter b are tangible assets, intangible assets, financial assets, and/or non-financial assets that contribute to value creation, including access and the level of market domination in Indonesia.
(5)	The assets as referred to section (1) letter b are the impact of uncertainty in achieving business objectives borne by the parties conducting a transaction.
(6)	The characteristic of product as referred to section (1) letter c is specific characteristic of the goods or services that significantly affect the price determination in the open market.
(7)	The economic circumstances as referred to section (1) letter d is economic characteristic of the place of business and the market of the parties conducting a transaction.
(8)	The business strategy as referred to section (1) letter e is the strategy carried out by the company in conducting business in the open market.
Article 11	
(1)	The application of Arm's Length Principle as referred to Article 9 shall be conducted separately for each type of Related Party Transaction.
(2)	In the event that there are two or more types of Related Party Transaction that are interrelated and affect each other in determining Transfer Price so that the application of the Arm's Length Principle separately as referred to section (1) cannot be carried out reliably and accurately, the application of the Arm's Length Principle can be done by combining two or more types of Related Party Transaction.
Article 12	
(1)	An Independent Transaction is comparable to Transactions Affected by Special Relationships being tested as referred to in Article 8 paragraph (2) to the extent: <ul style="list-style-type: none"> a. the condition of the Independent Transaction is the same or similar to the condition of the Transaction Affected by the Special Relationship being tested;

- b. the condition of Independent Transaction is different from the Transaction Affected conditions of the Special Relationship being tested, but the difference in the condition do not affect the pricing;
- c. the condition of Independent Transaction is different from the Transaction Affected by the Special Relationship conditions being tested and the difference in those conditions affects the pricing, but an accurate adjustment can be made adequately to the Independent Transaction to eliminate the material impact of the different conditions on the price determination.

(2) To determine the comparability of Independent Transaction and Transaction Affected by Special Relationship as referred to paragraph (1), a comparative analysis of the condition of transaction as referred to Article 10 paragraph (1) is conducted.

- (3) Comparability analysis as intended in paragraph (2) is carried out through the following stages:
- a. understand the characteristics of the Transaction Affected by Special Relationship being tested based on the results of identification of commercial and / or financial relationships between the Taxpayer and Affiliated Parties as referred to in Article 9 paragraph (2) letter c and determine the business characteristics of each party conducting the transaction;
 - b. identify the existence of any Independent Transaction that is a reliable candidate for comparability;
 - c. determine the party whose transfer price indicator is tested in terms of the method used is a profit-based method according to the Transfer Pricing Method;
 - d. identify the difference in condition between the Transaction Affected by the Special Relationship being tested and the potential comparable;
 - e. conduct an appropriate accurate adjustment of the candidate of comparable(s) to eliminate the material impact of the difference in condition as referred to letter d on the transfer price indicator; and
 - f. determine the Independent Transaction(s) which is selected as comparable.

(4) The party tested as referred to in paragraph (3) letter c is a party to a Transaction Affected by a Special Relationship which has simpler functions, assets and risks.

(5) The comparable(s) referred to in paragraph (3) may be in the form of an internal comparable or an external comparable.

(6) An internal comparable as referred to in paragraph (5) is a transaction between an independent party and the Taxpayer or the Affiliated Party to the Transaction Affected by a Special Relationship.

(7) An external comparable as referred to in paragraph (5) is a transaction between independent parties other than the internal comparable.

(8) In the case of internal comparable(s) and external comparable(s) are available with the same level of comparability and reliability, internal comparable(s) is selected and used as the comparable(s).

(9) In the case of more than one external comparable is available with the same level of comparability and reliability, the external comparable(s) from the same country or jurisdiction with the party being tested in accordance with the Transfer Pricing Method is chosen and used as a the comparable(s).

Article 13

(1) Transfer Pricing Method as referred to in Article 9 section (2) point e that is used in the application of Arm's Length Principle may be in the form of:

- a. comparable uncontrolled price method
- b. resale price method
- c. cost plus method; and/or
- d. other methods, such as:
 1. profit split method
 2. transactional net margin method;
 3. tangible asset and intangible asset valuation;
 4. business valuation.

(2) Method as referred to in section (1) is selected based on the appropriateness and the reliability of the methods, which is assessed by:

- a. the appropriateness of the Transfer Pricing Methods considered in view of the nature of the Controlled Transaction and the business characteristics of enterprises therein;
- b. the respective strength and the weakness of recognized methods;
- c. the availability of reliable comparable Uncontrolled Transactions;
- d. the degree of comparability between the Controlled Transactions and comparable Uncontrolled Transactions;
- e. the reliability of comparability adjustment that may be made in the event of material differences between the Controlled Transactions and comparable Uncontrolled Transactions.

<p>(3) Comparable uncontrolled price method as referred to in section (1) point a is applied by comparing the price of the Controlled Transaction to the price of comparable Uncontrolled Transaction, and is appropriate for the nature of Controlled Transaction as follows:</p> <ul style="list-style-type: none"> a. transaction of commodities; and b. transaction of products and service that has similar characteristics with products and service in a comparable Uncontrolled Transaction in comparable circumstances.
<p>(4) Resale price method as referred to in section (1) point b is applied by reducing appropriate profit margin on resale price of a distributor or reseller, and is appropriate for the nature of Controlled Transaction and the business characteristic of enterprises therein, as follows:</p> <ul style="list-style-type: none"> a. the Controlled Transaction involves distributor or reseller which conduct resale operation of products and services to independent enterprise, or to Associated Enterprise with an Arm's Length price; and b. distributor or reseller as referred to in point a does not bear significant business risk, does not make unique and valuable contribution to the Controlled Transaction, or does not add significant value to the product or service being transferred.
<p>(5) Cost plus method as referred to in section (1) point c is applied by adding an appropriate mark up to the cost of goods or services sold of a manufacturer or a service provider, and is appropriate for the nature of Controlled Transaction and the business characteristic of enterprises therein, as follows:</p> <ul style="list-style-type: none"> a. the Controlled Transaction involves manufacturer or supplier that purchases materials or other production factors from independent enterprise, or from Associated Enterprise with Arm's Length price; and b. manufacturer or service provider as referred to in point a does not bear significant business risk and does not make unique and valuable contribution to the Controlled Transaction.
<p>(6) Profit split method as referred to in section (1) point d number 1 is applied by splitting combined profit of a relevant transaction in proportion to respective functions, asset, risks assumed, and/or contribution of each enterprises in the Controlled Transaction, and is appropriate for the nature of Controlled Transaction and the business characteristic of enterprises therein, as follows:</p> <ul style="list-style-type: none"> a. enterprises undertaking the transaction make unique valuable contribution to the Controlled Transactions; b. business operation of enterprises undertaking the transaction is highly integrated thus contribution made by each enterprise cannot be separately analyzed c. enterprises undertaking the transaction share the assumption of economically significant risks or separately assume closely related risks.

<p>(7) Transactional net margin method as referred to in section (1) point d number 2 is applied by comparing net operating margin of the tested party with net operating margin of the comparables, which may be selected as long as reliable comparables in term of price and gross margin are not available, and is appropriate for the nature of Controlled Transaction and the business characteristic of enterprises therein, as follows:</p> <ul style="list-style-type: none"> a. one of or each of enterprises undertaking the Controlled Transaction does not make unique valuable contribution to the Controlled Transaction; b. business operation of enterprises undertaking the transaction constitutes non-highly integrated operation; and c. enterprises undertaking the transaction do not share the assumption of economically significant risks or separately do not assume closely related risks.
<p>(8) Comparable uncontrolled transaction as referred to in section (1) point d number 3 is applied by comparing the price or the transaction margin on certain base between that of the Controlled Transaction and that of the Uncontrolled Transaction, and is appropriate for the nature of Controlled Transaction that is commercially valued by certain base, such as interest rate, discounted rate, provision, commission, and percentage of royalty to sales or to operating profit</p>
<p>(9) Tangible asset and intangible asset valuation as referred to in section (1) point d number 4 is applied in accordance with the tax provisions which regulate the applicable standard of valuation, and is appropriate for the nature of Controlled Transaction as follow:</p> <ul style="list-style-type: none"> a. transfer of tangible and/or intangible asset; b. lease of tangible asset; c. arrangement regarding the exploitation or the right to exploit intangible asset; d. transfer of financial asset; e. transfer of rights regarding the exploitation of mining field and/or other similar kind of rights; and f. transfer of rights regarding the cultivation of plantation, forestry, and/or other similar kind of rights.
<p>(10) Business valuation as referred to in section (1) point d number 5 is applied in accordance with the tax provisions that regulate the applicable standard of valuation and is appropriate for the nature of Controlled Transaction, such as the following:</p> <ul style="list-style-type: none"> a. arrangement in relation to business restructuring, including transfer of functions, assets, and/or risks between Associated Enterprises. b. transfer of assets other than cash to a company, a partnership, and other body corporates in exchange for shares or equity capital (<i>inbrenng</i>); and

c. transfer of assets other than cash to shareholders, partners, or member of a company, a partnership, and other body corporates.

(11) In the event that the methods as referred to in section (1) point a and other methods can be applied in an equally reliable manner, the methods as referred to in section (1) point is preferable to the other methods.

(12) In the event that the methods as referred to in section (1) point b, point c, point d number 1, and point d number 2 can be applied in an equally reliable manner, the methods as referred to in section (1) point b or point c is preferable to the methods as referred to in section (1) point d number 1 and point d number 2.

Article 14

(1) The application of the Arm's Length Principle for certain Transactions Affected by a Special Relationship must be carried out with preliminary stage and the stage as referred to in Article 9 paragraph (2).

(2) The certain Transactions Affected by Special Relationships as referred to in paragraph (1) include:

- a. service transaction;
- b. transaction related to the use or right to use intangible assets;
- c. transaction related to the cost of borrowing;
- d. transfer of property transaction;
- e. business restructuring; and
- f. cost contribution arrangement.

(3) Preliminary stages for service transaction as referred to in paragraph (2) letter a include proving that the service:

- a. has actually been delivered by the service provider and received by the service recipient;
- b. is required by the service recipient;
- c. provides economic benefits to service recipients;
- d. is not an activity for the benefit of shareholders;
- e. is not an activity that provides benefits to a party solely because the party is part of a business group (passive association);
- f. is not a duplication of activities that have been carried out by the Taxpayer himself;
- g. is not a service that provides incidental benefits; and
- h. in the case of on call services, it is not a service that can be obtained immediately from an independent party without an existing on call contract.

- (4) Preliminary stages for transactions related to the use or right to use intangible assets as referred to in paragraph (2) letter b include providing the proof with respect to:
- a. the existence of intangible assets economically and legally;
 - b. types of intangible assets;
 - c. value of intangible assets;
 - d. parties who legally possess the intangible assets;
 - e. parties who economically possess the intangible assets;
 - f. the use or right to use intangible property;
 - g. those who contribute and carry out development, improvement, maintenance, protection and exploitation activities of intangible assets; and
 - h. economic benefits obtained by those who use intangible assets.

- (5) Preliminary stages for the transaction related to the costs of borrowing as referred to in paragraph (2) letter c include proving that the loan:
- a. in accordance with the substance and actual situation;
 - b. required by the borrower;
 - c. used to obtain, maintain, and collect income in accordance with income tax law;
 - d. meet the characteristic of loan, including:
 1. the creditor(s) recognize the loan economically and legally;
 2. the existence of maturity date of the loan;
 3. The existence of obligation to repay the loan principal;
 4. there is payment(s) according to the payment schedule that has been set both for the principal loan and the yield;
 5. when a loan is obtained, the borrower has the ability to:
 - a) get the loan from an independent creditor; and
 - b) repay the loan principal and loan yield as an independent debtor do;
 6. based on a loan agreement made in accordance with applicable laws and regulations;
 7. the existence legal consequence(s) if the borrower fails to return the loan principal and / or the return; and
 8. the existence of right to claim for lenders as an independent creditor has; and
 - e. provide economic benefits to the loan recipient.

- (6) Preliminary stages for the transfer of property transaction as referred to in paragraph (2) letter d include proving:

- a. the motives, objectives and economic reasons (economic rationale) of the transfer of property;
- b. the transfer of property is in accordance with the substance and the actual situation;
- c. the expected benefits from the transfer of the property; and
- d. the transfer of the property is the best choice of various other available options.

- (6) Preliminary stages for business restructuring as referred to in paragraph (2) letter e include providing the proof of:
- a. the motives, objectives, and economic reasons (economic rationale) of business restructuring;
 - b. the business restructuring is in accordance with the actual substance and condition;
 - c. the expected benefits from business restructuring; and
 - d. the business restructuring is the best choice from various other available options.

- (7) The preliminary stage for the cost contribution arrangement referred to in paragraph (2) letter f includes proving that the agreement on cost contribution is:
- a. made as agreed between independent parties;
 - b. required by the party making the arrangement; and
 - c. provide economic benefits to the party making the arrangement.

- (7) In the event that a Taxpayer is unable to prove the certain Transaction Affected by a Special Relationship based on the preliminary stages as referred to in paragraph (1), the certain Transaction Affected by the Special Relationship does not meet the Arm's Length Principle as referred to in Article 8.

Part 3
APA Negotiation

Article 15

- (1) Director General of Taxes carries out APA negotiation with:
- a. Tax resident of Indonesia, in the event of Unilateral APA; or
 - b. The Competent Authority of the Treaty Partner through MAP, in the event of Bilateral APA.
- (2) Unilateral APA negotiation as referred to in section (1) must be:
- a. started no later than 6 (six) months since tax resident of Indonesia submitted the requirements of the APA request within the period as referred to in Article 6 section (5); and
 - b. concluded within 12 (twelve) months period since the starting of the APA negotiation as referred to in point a.

<p>(3) Bilateral APA negotiation as referred to in section (1) point b is conducted in accordance with the provisions of the regulations on MAP.</p>
<p>(4) Director General of Taxes appoints delegates for APA negotiation as referred to in section (1).</p>
<p>(5) The result of the APA negotiation as referred to in section (1) may contain agreement or disagreement upon the criteria of Transfer Pricing and Advance Pricing as referred to in Article 2 section (5).</p>
<p>(6) Director General of Taxes may disagree on the APA in the event of the followings:</p> <ul style="list-style-type: none"> a. the Affiliated Transaction is not based on the economic purpose; b. the economic substance of the Affiliated Transaction is different with its formal form; c. the Affiliated Transaction is conducted with one of its purposes is to minimize the tax expense; d. the information and/or evidence or statement submitted by the tax resident of Indonesia is not true or not in accordance with the actual condition; e. the information and/or evidence or statement regarding the implementation of the authority as referred to in Article 7 section (2) point d cannot be obtained by Director General of Taxes within the period of 14 days since the date of written request; and/or f. the taxable year contained within the APA Period or the Roll-back has been issued Notice of Tax Assessment of Corporate Income Tax thereof.
<p>(7) The result of the APA negotiation is deemed to be containing disagreement as referred to in section (5) in the event that:</p> <ul style="list-style-type: none"> a. the APA negotiation does not result in any agreement until the end of the period of the APA negotiation as referred to in section (2) and section (3); or b. Director General of Taxes receives written notification from the Competent Authority of the Treaty Partner stating that the APA negotiation cannot be conducted.
<p>(8) In the that the APA negotiation results in disagreement as referred to in section (5), Director General of Taxes terminates the APA process and issues written notification to the tax resident of Indonesia</p>
<p>(9) Tax Resident of Indonesia may file a request for Unilateral APA negotiation to Director General of Taxes through Director of International Taxation, in the event that:</p> <ul style="list-style-type: none"> a. the Bilateral APA negotiation resulted in disagreement as referred to in section (5); or b. the Bilateral APA process is terminated because of the Competent Authority of the Treaty Partner did not submit any written answer as referred to in Article 6 section (4),

no later than 10 (ten) working days since the date of the written notification as referred to in section (8) or in Article 6 section (4).

(10) Upon the request for Unilateral APA negotiation which is submitted within the period as referred to in section (9), Director General of Taxes carries out the negotiation with the tax resident of Indonesia within a period of no longer than:

- a. 6 (six) months since the request is received, in the event that such a request is submitted because of the Bilateral APA resulted in disagreement as referred to in section (9) point a; or
- b. 12 (twelve) months since the request is received, in the event that such a request is submitted because of the Bilateral APA process is terminated as referred to in section (9) point b.

(11) In the event that up until the period as referred to in section (10) no agreement is concluded, the result of the Unilateral APA negotiation is deemed to be a disagreement as referred to in section (5).

(12) The result of the APA negotiation as referred to in section (5) is stated in to:

- a. the APA script/report, in the event that the Unilateral APA negotiation is resulted in an agreement; or
- b. the Mutual Agreement in accordance with the provision of the regulation on Mutual Agreement Procedure, in the event of Bilateral APA.

(13) The APA script/report as referred to in section (12) is prepared using the format in accordance with the example attached in Annex C as an integral part of this Ministerial Regulation.

(14) Upon the result of the APA negotiation as referred to in section (12), Director General of Taxes follows up:

- a. the APA script/report by issuing the decision for the implementation of the APA within a period of no longer than 1 (one) month since the APA script/report is signed; or
- b. the Mutual Agreement by issuing the decision of the implementation of the APA in accordance with the provision of the regulations on Mutual Agreement Procedure.

(15) The decision for the implementation of the APA as referred to in section (14) is delivered to:

- a. The tax resident of Indonesia who submitted the APA request; and
- b. The working unit under Directorate General of Taxes authorized to process.

CHAPTER IV
PROCEDURES OF THE WITHDRAWAL OF THE APA REQUEST

Article 16

<p>(1) Upon the APA request as referred to in Article 2 section (1) can be submitted a request for withdrawal by the tax resident of Indonesia.</p>
<p>(2) The withdrawal of the APA request as referred to in section (1) must meet the following requirements:</p> <ul style="list-style-type: none"> a. is written in Bahasa Indonesia by stating the reason of the withdrawal; b. is submitted prior to any agreements; c. is signed by director whose name is written in the deed of incorporation or its amendment, in the event that the board of directors was amended; and d. the withdrawal of the APA request as referred to in section (1) is prepared by using the format as attached in Annex D as an integral part of this Ministerial Regulation.
<p>(3) The withdrawal of the APA request as referred to in section (1) is submitted directly by the tax resident of Indonesia to Director General of Taxes through Director of International Taxation.</p>
<p>(4) Upon the submitted withdrawal of the APA request, Director General of Taxes examines the fulfillment of the requirements of the withdrawal of the APA request as referred to in section (2) and issues written notification of the termination of the APA process to:</p> <ul style="list-style-type: none"> a. the tax resident of Indonesia; and b. the Competent Authority of the Treaty Partner, in the event of a Bilateral APA, within the period of 10 (ten) working days since the withdrawal of the APA request is received by Director General of Taxes.
<p>(5) In the event that the withdrawal of the APA request as referred to in section (1) is submitted after the APA negotiation started, the tax resident of Indonesia cannot resubmit APA request for the taxable year that is contained in the withdrawn APA request.</p>
<p>CHAPTER V THE PROCEDURES OF THE IMPLEMENTATION OF THE APA</p>
<p>Article 17</p>
<p>(1) Tax resident of Indonesia must implement the agreement in the APA contained in the decision of the implementation of the APA as referred to in Article 15 section (14) in accordance with the provisions of legislation on taxation.</p>

<p>(2) The agreements contained in the APA as referred to in section (1) must be reflected in the Transfer Pricing policy of the tax resident of Indonesia and its implementation must be stated in the Transfer Pricing Documentations for the APA Period.</p>
<p>(3) In the event that upon the APA Period and/or Roll-back:</p> <ul style="list-style-type: none"> a. it is already filed Corporate Income Tax Return; b. Director General of Taxes does not conduct any tax audit yet; and c. there is an underpaid income tax due calculated based on the agreement in the APA, <p>the tax resident of Indonesia must amend the filed Corporate Income Tax Return in accordance with the agreements of the APA no later than 1 (one) month after the issuance of the decision of the implementation of the APA.</p>
<p>(4) In the event that upon the APA Period and/or Roll-back is being audited thereof, Director General of Taxes issues Notice of Tax Assessment of Corporate Income Tax by taking into account the agreement in the APA.</p>
<p>(5) In the event that upon the taxable year contained in the APA Period is already issued Notice of Tax Assessment thereof, Director General of Taxes amends the Notice of Tax Assessment on his/her authority in accordance with the provisions as referred to in the Law by taking into account the agreement in the APA.</p>
<p>CHAPTER VI GUIDELINES OF APA EVALUATION</p>
<p>Part One The Authority of Director General of Taxes to Carry Out APA Evaluation</p>
<p>Article 18</p>
<p>(1) In monitoring the agreement as referred to in Article 3 section (2), Director General of Taxes carries out evaluation on agreement in APA contained in the decision of APA enactment as referred to in Article 15 section (14).</p>
<p>(2) In evaluation as referred to in section (1), Director General of Taxes is authorized to:</p> <ul style="list-style-type: none"> a. carry out a review with the taxpayer concerning the implementation of agreement in APA; b. ask for the taxpayer to provide information and/or evidence or statement necessary; c. visit the place of business of the taxpayer and/or taxpayer's related party; d. interview the management and/or employee of the taxpayer; and/or e. to ask for information and/or evidence or statement from the related party or other parties concerned.
<p>(3) Based on the result of evaluation as referred to in section (1), Director General of Taxes is authorized to carry out:</p>

- a. review of APA, to the extent that there is a material change on facts and conditions of the related party transactions which covered in APA with critical assumptions agreed in APA; or
- b. cancellation of agreement in APA, before the APA period ends

Part Two
Review of APA

Article 19

- (1) Review of APA as referred to in Article 18 section (3) point a can also be carried out based on the request for APA review submitted by taxpayer.
- (2) The request for APA review as referred to in section (1) must be submitted directly to Director General of Taxes through Director of International Taxation by filling correctly, completely, and clearly the application form for APA review as referred to in Annex letter E as an integral part of this Ministerial Regulation.
- (3) Director General of Taxes issues proof of receipt on the direct submission of the request for a APA review as referred to in section (2).
- (4) The date stated in the proof of receipt as referred to in section (3) is the date of receipt of the request for APA review.
- (5) In the APA review, Director General of Taxes implements the provisions as referred to in Article 6 to Article 15.
- (6) The results of the APA review negotiations are set forth in the amendments to the APA Text or to the Mutual Agreement.
- (7) Upon the amendments to the APA Text or the amendments to the Mutual Agreement as referred to in section (6), Director General of Taxes issues a decision regarding the amendment of APA by indicating the tax year in the APA Period which is reviewed.

Part Three
APA Cancellation

Article 20

- (1) Director General of Taxes may cancel the agreement in the APA contained in the decision of APA enactment as referred to in Article 15 section (14), if based on the result of evaluation it is found that:
 - a. Taxpayer provides information and/or evidence or statement that is not true or not in accordance with the actual conditions; and/or

b. Taxpayer does not provide information and / or evidence or statement which:
1. is known or should be known by taxpayer; and
2. may affect the outcome of the agreement in APA,
to the Director General of Taxes without having to wait for a request from Director General of Taxes.

(2) Upon the agreement in the cancelled APA as referred to in section (1), the Director General of Taxes issues:
a. cancellation decision of agreement in APA to the taxpayer; and
b. notification of APA cancellation to the Competent Authority of Treaty Partner, in the event of Bilateral APA.

(3) In the event that Director General of Taxes cancels the APA as referred to in section (1):
a. Taxpayer cannot re-submit APA application for APA and/or Roll-back Periods covered in the cancelled APA; and
b. Director General of Taxes may carry out audits, preliminary investigation, and / or investigation in accordance with the provisions of legislation on taxation.

CHAPTER VII
GUIDELINES OF APA RENEWAL

Article 21

(1) In renegotiating agreements after a certain period ends as referred to in Article 3 section (2), taxpayer may submit APA renewal request to Director General of Taxes through the Tax Office where the taxpayer is registered by filling the APA renewal request form as attached in Annex letter F as an integral part of this Ministerial Regulation correctly, completely, and clearly.

(2) Director General of Taxes issues proof of receipt on the submission of APA renewal application as referred to in section (1).

(3) The date stated in the proof of receipt as referred to in section (2) is the date of receipt of the APA renewal request.

(4) Based on the APA renewal request as referred to in section (1), Director General of Taxes may agree on 1 (one) APA renewal for 1 (one) APA Period since the end of the APA Period agreed in the previous APA.

(5) Requests for APA renewal as referred to in section (1) must be submitted directly and within a period of 12 (twelve) months up to 6 (six) months before the last taxable year in the previous APA Period.

(6) Renewal of APA as referred to in section (1) can be granted in the event that:
a. Taxpayer implements all agreements in the previous APA;

- b. there is no material change to the facts and/or conditions of related party transactions covered in the previous APA with critical assumptions agreed in the previous APA; and
- c. entities and the related party transaction proposed to be included in the APA renewal are the same with the previous APA.

(7) The application for APA renewal as referred to in section (3) is equivalent to the APA application that has met the requirements referred to in Article 6 section (6).

(8) Upon the request for APA renewal as referred to in section (5), Director General of Taxes carries out the process of material assessment up to the negotiations as referred to in Article 7 to Article 15.

CHAPTER VIII
OTHER PROVISIONS

Article 22

(1) APA Agreement do not hinder Directorat General of Taxes to conduct an audit, preliminary investigation, or tax criminal investigation in accordance with the provisions of legislations on taxation.

(2) In the event the taxpayer is conducted an audit, preliminary investigation, or tax criminal investigation in accordance with the provisions of legislations on taxation as referred to section (1), Directorate General of Taxes cannot perform transfer pricing adjustments on the transactions covered in APA Agreement, as long the taxpayer, insofar the taxpayer implement the APA Agreement.

(3) The provision as referred to section (2) do not come into force in the event of the taxpayer:

- a. submit corporate annual income tax return in which the Transfer Pricing implementation not in accordance with APA Agreement;
- b. do not submit the correction of corporate annual income tax return within the time limit as regulated in Article 17 point (3);
- c. Submit the correction of annual income tax return in which the transfer pricing do not in accordance with APA agreement; or
- d. Do not submit corporate annual income tax return for the fiscal year within the scope of APA Period

(4) In the event of APA do not result agreement between Directorate General of Tax and Taxpayer or Competent Authority of Treaty Partner, the taxpayer's document which is used during the process of APA shall be wholly returned to the Taxpayer

<p>(5) The document as referred in point (4) shall not be used by Directorate General of Tax as the basis for conducting audit, preliminary investigation, or tax criminal investigation.</p>
<p>(6) In the event the competent authority of treaty partner requires information and/or evidence or statement in APA negotiation, the request for such information shall be executed through the provision of taxation legislation which stipulates MAP.</p>
<p>(7) In the event it is discovered that the Taxpayer is being investigated regarding the tax crime, or undergoing the punishment related with tax crime, Directorate General of Taxes shall terminate the negotiation and issue written notification to:</p> <ul style="list-style-type: none"> a. The Taxpayer; and b. The Competent Authority of Treaty Partner, in the event Bilateral APA
<p>(8) The difference between the value of Related Party Transaction which is not in accordance with Arm's Length Principle and the value of Related Party Transaction which is in accordance with Arm's Length Principle shall be deemed as dividend which is taxed with the provisions of legislations on income taxation.</p>
<p>(9) Further provision regarding':</p> <ul style="list-style-type: none"> a. implementation guideline for advance pricing agreement, as referred to Article 5 to Article 7, and Article 15 to Article 21; b. implementation guideline of Arm's Length Principle for Related Party Transaction as referred to Article 8 to Article 14 and section (8); and c. special relationship as referred to Article 4, shall be regulated by the Regulation of Director General of Taxes.
<p>Article 23</p>
<p>(1) The application of Arm's Length Principle as referred to Article 8 to Article 14 shall also be applied by Taxpayer in implementing taxation rights and obligations related with Related Party Transaction.</p>
<p>(2) In the event that:</p> <ul style="list-style-type: none"> a. The taxpayer do not apply Arm's Length Principle as referred to Article 8 section (2); b. The application of Arm's Length Principle by Taxpayer which is not in accordance with Article 9 section (1) and Article 14; or c. The Transfer Price which is applied by Taxpayer is not in accordance with Arm's Length Principle as referred to Article 8 section (4),

Directorate General of Taxes authorized to determine The Transfer Price which is in accordance with Arm's Length Principle

Article 24

- (1) The determination of arm's length price of Related Party Transaction as referred to Article 1 point 14 letter b which is conducted by Tax Resident of Indonesia shall be carried out by applying Arm's Length Principle as referred to Article 8
- (2) In the event that Tax Resident of Indonesia which conduct Related Party Transaction as referred to Section (1) meet the provision as permanent establishment as regulated in the provisions of legislations on determination of permanent establishment, The Tax Resident of Indonesia also be determined as permanent establishment.
- (3) The permanent establishment as referred to section (2) shall submit all data and/or information regarding the transaction which is conducted by Related Party in other jurisdiction which is related with business or activity of the permanent establishment in Indonesia in accordance with the provisions of legislations on taxation.
- (4) Data and/or Information as referred to section (3) is used in determining the transaction value of permanent establishment as referred to section (2)
- (5) In the event that the permanent establishment do not meet the provision as referred to section (3), the transaction value shall be determined through the application of Arm's Length Principle.
- (6) The fulfilment of taxation obligation of permanent establishment as referred to section (2) shall be carried out by way of the provisions of legislations on taxation.
- (7) The fulfilment of taxation rights and obligation which had been previously carried out by The Tax Resident of Indonesia shall be taken into account in the fulfilment of taxation rights and obligation of the permanent establishment as referred to section (2).

CHAPTER IX
TRANSITIONAL PROVISIONS

Article 25

At the time this Ministerial Regulation comes into force:

<p>1. For the prelodgement request which had been accepted by Directorate General of Taxes since the implementation of Regulation of the Minister of Finance Number 7/PMK.03/2015 on The Procedures for Advance Pricing Agreement formation and Implementation until the implementation of this Minister of Finance Regulation, Directorate General of Taxes shall issue notification to the Taxpayer to submit the APA request which in accordance with the provisions as regulated in this Ministerial Regulation;</p>
<p>2. For the APA request which had been accepted by Directorate General of Taxes before this Ministerial Regulation comes into force and has not been issued APA Paper or Mutual Agreement, shall be processed in accordance with this Ministerial Regulation.</p>
<p>3. For the APA which has been issued the decision letter regarding APA implementation after the issuance of Regulation of the Minister of Finance Number 7/PMK.03/2015 on The Procedures for Advance Pricing Agreement formation and Implementation until this Ministerial Regulation come into force shall be:</p> <ul style="list-style-type: none"> a. Implemented based on the provision as referred to Article 17 of this Ministerial Regulation; and b. Evaluated based on the the provision as referred to Article 18 of this Ministerial Regulation
<p>4. For the APA renewal request which has been accepted by Directorate General of Taxes after the issuance of Regulation of the Minister of Finance Number 7/PMK.03/2015 on The Procedures for Advance Pricing Agreement formation and Implementation until this Ministerial Regulation comes into force shall be processed based on the provision as referred to Article 21 of this Ministerial Regulation.</p>
<p>CHAPTER X CLOSING PROVISIONS</p>
<p>Article 26</p>
<p>At the time this Ministerial Regulation comes into force, Regulation of the Minister of Finance Number 7/PMK.03/2015 on The Procedures for Advance Pricing Agreement formation and Implementation is repealed and declared ineffective.</p>
<p>Article 27</p>
<p>This Ministerial Regulation comes into force on the date of its promulgation.</p>
<p>In order that every person may know hereof, it is ordered to promulgate this Ministerial Regulation by its placement in the State Bulletin of the Republic of Indonesia.</p>
<p>Issued in Jakarta</p>

on 18 March 2020

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

signed

SRI MULYANI INDRAWATI

Promulgated in Jakarta

on 18 March 2020

DIRECTOR GENERAL OF LEGISLATION
OF THE MINISTRY OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

WIDODO EKATJAHJANA