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- **Ratification of Indonesia's tax treaties with Papua New Guinea, Croatia, Zimbabwe, Hong Kong and Suriname**

***Ratification of several Indonesia's tax treaties***

The President of the Republic of Indonesia has signed several regulations ratifying tax treaties with several jurisdictions. These regulations and the ratified tax treaties were completely released early this week.

The effective date of each tax treaty is still subject to the exchange of ratification documents between Indonesia and the other jurisdictions, and the issuance of a Director General of Tax (DGT) Circular Letter announcing the entry into force of each tax treaty. The ratification information and the withholding tax rates applicable under these tax treaties are summarised below.

Jurisdiction	Notes	President Regulation Number	Treaty effective date	Dividends		Interest	Royalties	Branch Profit Tax
				Portfolio	Substantial holdings			
Papua New Guinea	1	18/2012	1 January 2013	15%	15%	10%	10%	15%
Croatia		19/2012	1 January 2013	10%	10%	10%	10%	10%
Zimbabwe	1	23/2012	1 January 2013	20%	10%	10%	15%	10%
Hong Kong	2	24/2012	1 January / 1 April 2013	10%	5%	10%	5%	5%
Suriname		27/2012	1 January 2013	15%	15%	15%	15%	15%

Notes:

- 1) Service fees including for technical, management and consulting services rendered in Indonesia are subject to withholding tax at rates of 10%, for both Papua New Guinea and Zimbabwe.
- 2) The earliest dates where this tax treaty will be effective are 1 January 2013 for Indonesia and 1 April 2013 for Hong Kong.

Previously, we have discussed the key features of the Indonesia – Hong Kong tax treaty in our TaxFlash No.04/2010. The details of each tax treaty are available on request, from your usual PwC Indonesia contact.

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