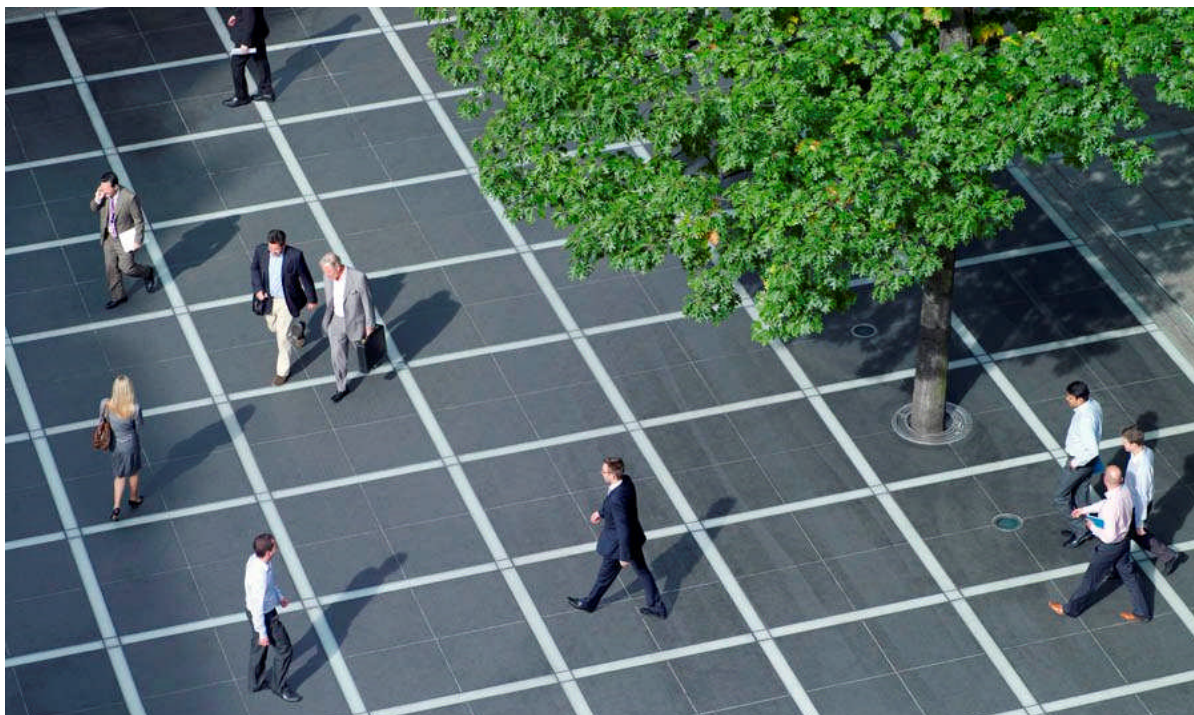


# TaxFlash



## ***Protocol to the Indonesia – Netherlands Tax Treaty enters into force***

On 14 June 2017, the Indonesian Government sent Diplomatic Notes to the Netherlands Embassy in Jakarta confirming the ratification of a Protocol for the Tax Treaty between Indonesia and the Netherlands.

The sending of this Diplomatic Notes from Indonesia completed the exchange of ratification documents and marked the entry into force of the Protocol on 1 August 2017. The provisions of this Protocol shall have effect for amounts paid or credited on 1 October 2017 for both countries.

Please refer to our [TaxFlash No.21/2015](#) for our discussion of the content of this Protocol.

## ***Indonesia – Netherlands Mutual Agreement regarding tax treatment on Dutch mutual fund under Tax Treaty***

Indonesia and the Netherlands have reached a Mutual Agreement on the application of the Indonesia - Netherlands Tax Treaty for *Dutch besloten fondsen voor gemene rekening* (Closed Funds for Mutual Account, or CFMA).

The competent authorities agree that a CFMA is fiscally transparent and is not a resident of the Netherlands either under the Dutch Law nor the Tax Treaty. Therefore, a CFMA is not eligible to claim tax treaty benefits.

Since a CFMA is tax-transparent, all income and gains derived by the fund from the fund's assets are allocated to the investors in CFMA in proportion to their participation in the fund. When a CFMA acts as a pooled investment vehicle for the assets, such as pension funds, of its investors, the CFMA invests those assets on behalf of those investors.

A CFMA which is established in the Netherlands and receives items of income arising in Indonesia may, represented by its fund manager or its depository, in lieu of and instead of the investors in the CFMA, claim the tax treaty benefits on behalf of the investors, provided that such investors are residents of the Netherlands under the tax treaty and are beneficial owners of the income from investments in Indonesia and as long as each of the investors meets the requirements and procedures as set forth in Indonesia's domestic regulations on tax treaty implementation.

This Mutual Agreement entered into force on the date of signing on 23 June 2017 and will be subject to regular review.

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